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(ENGLISH)

ANNUAL REPORT 2001
12/31/2001

PT BANK BALI Tbk

Annual Report 2001



BANK BALI
Giving You The Best



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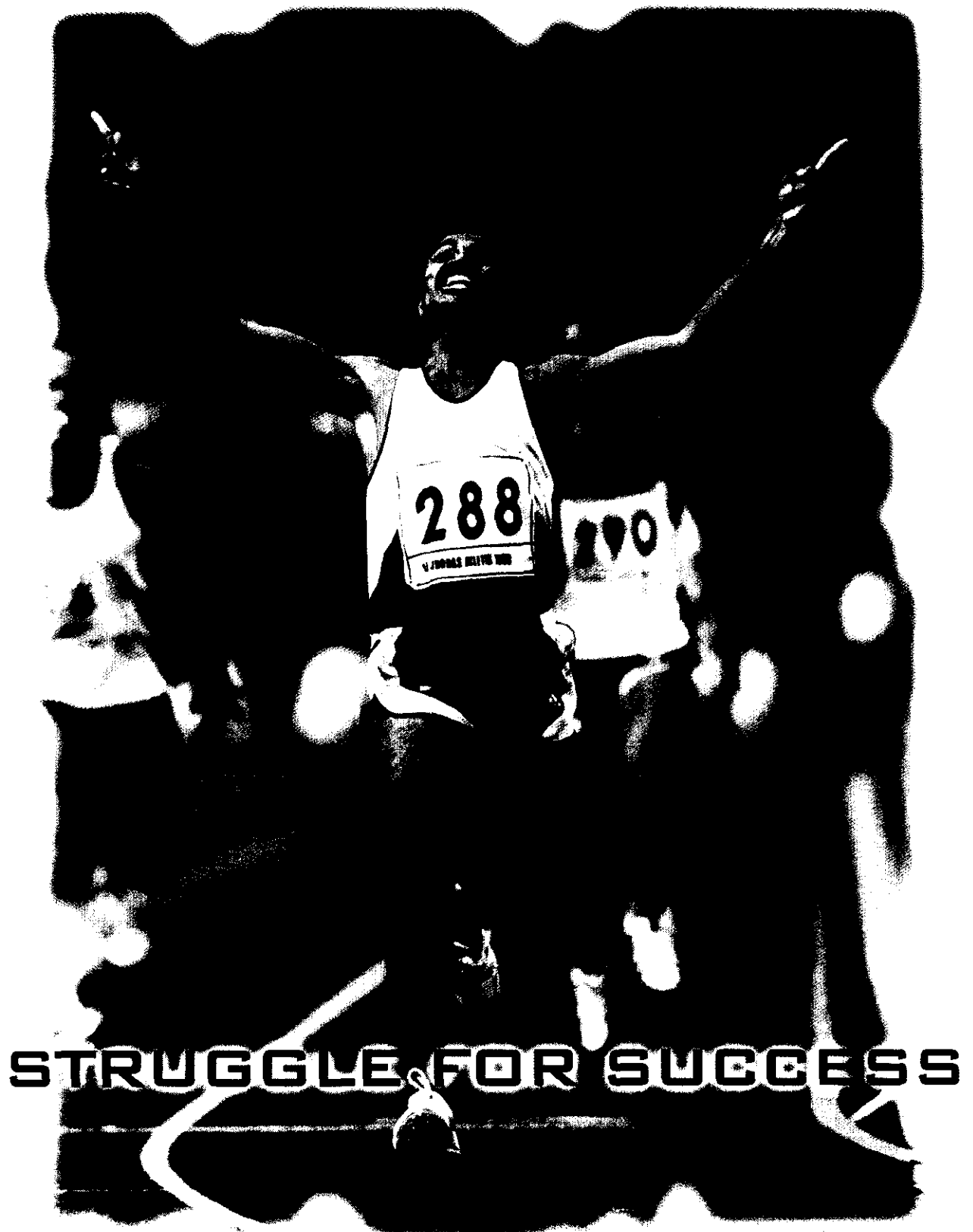
VISION

"To be the bank of choice
by giving the best"

MISSION

"To provide quality solutions and to build a
company that is capable of attracting, developing
and retaining human resources of high integrity,
based on total caring philosophy"





STRUGGLE FOR SUCCESS

FINANCIAL HIGHLIGHTS

Bank Bali & Subsidiaries (Consolidated)

(in million Rupiah)

POSITION AT END OF YEAR	2001	2000	1999	1998	1997
Assets	13,001,600	11,960,002	6,426,509	10,102,984	12,593,875
Earning Assets-Net	10,626,103	9,393,009	3,836,950	7,975,533	10,880,183
Loans-Net	2,036,045	1,004,713	1,387,241	3,779,882	6,862,245
Trading Account Securities Held-Net	7,606,240	6,066,867	301,185	1,525,971	1,510,792
Investments in Shares of Stock-Net	91,580	74,188	71,828	72,531	103,436
Deposits	10,525,754	8,706,648	7,292,150	8,631,019	7,462,648
Fund Borrowings	703,744	1,443,900	1,362,829	1,303,017	2,176,792
Liabilities	12,451,920	11,457,281	10,115,823	11,777,524	11,738,440
Stockholders' Equity*)	513,944	473,118	(3,713,709)	(1,695,967)	830,082

(in million Rupiah)

DURING OF THE YEAR	2001	2000	1999	1998	1997
Net Interest Income	77,892	(255,102)	(451,166)	222,781	472,685
Other Operating Income	257,674	331,142	187,056	726,060	251,024
Other Operating Expenses**)	303,991	1,018,533	1,807,575	3,588,907	620,329
Operating Profit (Loss)	31,575	(942,493)	(2,071,685)	(2,640,066)	103,380
Non Operating Income (Expense)-Net	199,674	(171,733)	13,006	(33,113)	4,629
Income (Loss) Before Provision for Income Tax	231,249	(1,114,226)	(2,058,679)	(2,673,179)	108,009
Provision for Income Tax	7,853	(40,174)	(34,409)	(99,233)	28,837
Net Income (Loss)*)	216,125	(1,080,363)	(2,028,642)	(2,584,613)	79,223

RATIOS	2001	2000
Net Profit to Average Assets	1.7%	-11.8%
Net Profit to Average Earning Assets	2.2%	-16.3%
Net Interest Margin	0.8%	-4.0%
Operating Expenses to Operating Income	97.9%	199.6%

*) Excluding Minority Interests

**) Including provision (reversal of allowance) for losses on earning assets and commitments and contingencies

FINANCIAL HIGHLIGHTS

Bank Bali (Parent Company)

(in million Rupiah)

POSITION AT END OF YEAR	2001	2000	1999	1998	1997
Assets	12,874,699	11,722,561	6,212,218	9,726,928	12,032,902
Earning Assets-Net	10,516,722	9,224,177	3,698,637	7,683,503	10,360,474
Loans-Net	1,984,780	918,590	1,291,721	3,537,156	6,544,341
Trading Account Securities Held-Net	7,581,114	6,029,060	281,869	1,509,685	1,407,090
Investments in Shares of Stock-Net	151,538	125,710	116,085	110,054	182,943
Deposits	10,488,605	8,673,043	6,881,358	8,781,084	7,557,412
Fund Borrowings	703,208	1,401,282	1,312,389	1,225,097	1,827,647
Liabilities	12,360,755	11,338,574	9,992,464	11,537,561	11,256,480
Stockholders' Equity	513,944	383,987	(3,780,246)	(1,810,633)	776,422
Risk Weighted Assets	3,280,226	2,492,853	4,654,826	8,398,078	9,843,654
Capital Base	292,414	335,500	(3,932,310)	(2,071,219)	1,060,699
Number of Shares Issued and Fully Paid	67,200,583,300	67,200,583,300	672,005,833	672,005,833	505,207,660

(in million Rupiah)

DURING OF THE YEAR	2001	2000	1999	1998	1997
Net Interest Income	60,292	(272,481)	(465,767)	178,979	458,164
Other Operating Income	237,869	305,359	166,609	579,766	201,439
Other Operating Expenses *)	274,226	965,444	1,735,702	3,446,821	555,290
Operating Profit (Loss)	23,935	(932,566)	(2,034,860)	(2,688,076)	104,313
Non Operating Income (Expenses)-Net	113,040	(174,052)	9,470	31,805	81
Income (Loss) Before Provision for Income Tax	136,975	(1,106,618)	(2,025,390)	(2,656,271)	104,394
Provision for Income Tax	4,707	(43,128)	(35,720)	(99,670)	25,257
Net Income (Loss)	132,268	(1,063,490)	(1,989,670)	(2,556,601)	79,137

RATIOS **)

	2001	2000
CAR	8.9%	13.5%
Fixed Assets to Capital	255.4%	232.0%
Non Performing Earning Assets	0.6%	5.9%
Non Performing Loans	3.2%	44.0%
Allowance for Losses on Earning Assets to Earning Assets	1.8%	4.6%
Allowance for Losses on Earning Assets to Required Allow for Losses on Earning Assets	191.7%	143.0%
Profit Before Tax to Average Earning Assets	1.1%	-14.5%
Net Profit to Average Core Capital	69.5%	NA ***)
Net Interest Margin	0.9%	-4.0%
Operating Expenses to Operating Income	100.2%	209.5%
Loans to Deposits	20.4%	15.0%
Percentage Violation of Legal Lending Limit		
- Related Party	-	-
- Non Related Party	-	-
Percentage Excess of Legal Lending Limit		
- Related Party	0.3%	13.6%
- Non Related Party	95.5%	81.7%
Reserve Requirement (Rupiah)	5.1%	5.9%
Net Open Position	17.0%	19.7%

*) Including provision (reversal of allowance) for losses on earning assets and commitments and contingencies

**) Based on Circular Letter of Bank Indonesia No. 3/30/DPNP dated 14 December 2001

**) In 2000, the Bank had deficit on its capital

OVERVIEW

Year 2001 marked the 46th year of Bank Bali's existence. The bank incorporated as BPDI (*Bank Persatuan Dagang Indonesia* or United Commercial Bank of Indonesia Ltd.) was renamed Bank Bali in 1970. Having passed the growth and business consolidation phases, Bank Bali earned the leading position as one of top national banks and listed as a public company in the Jakarta and Surabaya Stock Exchanges since 1990.

Moving toward the vision of "To be The Bank of Choice by Giving The Best", Bank Bali survived despite many difficulties and major challenges for the past few years including the recapitalization in 2000 by the Government, represented by the Indonesian Bank Restructuring Agency (IBRA), following the negative effect of economic crisis that hit Indonesia in 1997. Today IBRA on behalf of the Government controls 98.23% of Bank Bali. The sustainability was made possible by consistent practice of corporate values that consist of two-way communication, care, and PDCA approach (Plan, Do, Check, Action). To enhance the corporate culture, Bank Bali also created corporate identity visuals including a corporate logo symbolizing "Building successful future on a solid foundation" and the ever smiling, happy "Si Jempol" mascot. The corporate identity was dominated by yellow and blue corporate colors that reflect dynamic spirit. To help develop unity, we composed corporate anthems "*Kami Bank Bali* (We are Bank Bali)" and "*Bank Bali Jaya* (Bank Bali Victorious)" to be sung in important corporate events.

The intensive and future-driven information technology implementation has made Bank Bali one of the pioneers in banking technology. Bank Bali was the first to run online technology, operation of ATM, nation-wide centralization of back-office, launching of debit card, telephone and internet banking, as well as the most recently introduced "e-Wallet" rechargeable prepaid card. With 245 branches and 4,730 employees, Bank Bali is ready to serve various retail and corporate banking transactions.

Bank Bali have also earned various international awards since 1997. Recently we attained "Recognition of Payment Formatting and Straight Through Rate 2001" and "2001 Top Tier Customer for Their Continued Support of USD Clearing" by Bank of New York, reflecting third party's acknowledgement about Bank Bali's achievements.

Leaving 2001 and entering 2002, Bank Bali remains optimistic about the future. Holding on to the mission of "To provide quality solutions and to build a company that is capable of attracting, developing and retaining human resources of high integrity, based on total caring philosophy", Bank Bali will always strive to improve its performance in order to create added values and accountability toward all stakeholders.

ORGANIZATION STRUCTURE

Following the completion of corporate recapitalization program by the end of 2000 and the formation of new management, we execute strategic actions to recover business activities through development of various potential business opportunities.

The corporate recovery began with consolidation and focus on the core retail and commercial banking while consistently practicing the prudent banking principle to achieve Good Corporate Governance.

Among the executives assigned by IBRA as the members of Management Team during the pre-recapitalization period, four were appointed Directors of Bank Bali after the recapitalization. They were Dradjat Bagus Prasetyo, Hendry Khendy, Sjahfiri Gaffar and Nandi H. Hamaki. The Board of Directors post-recapitalization was elected by the General Shareholders Meeting and led by Dradjat Bagus Prasetyo as the President Director.

To ensure better management, each Director received specific assignments. Hendry Khendy supervised Commercial Banking Directorate, Sjahfiri Gaffar was responsible for the Operational Banking Directorate and Nandi H. Hamaki managed the Treasury and International Banking Directorate. Concurrently, Joseph Georgino Godong and Andrew Hardi Hanubrata, who have been officers of Bank Bali for 15 years, respectively led the Individual Banking and Technology Directorate as well as the Corporate Finance and Risk Management. The Board of Directors also included a senior executive of Bank Bali, Thomas Tan, who was promoted and entrusted with responsibilities as the Corporate Resources Director. This Directorate manages Human Resources, Legal and Compliance, Corporate Communications and Corporate Services.

In the later development, the assignments were minorly changed due to the resignation of Nandi H. Hamaki from Bank Bali effective on 1 August 2001 to handle new responsibilities in Bank Rakyat Indonesia. His resignation made the Directorate previously had been under his management consolidated into the other Directorates.

To support acceleration of business development warranted for year 2001, Bank Bali conducted major organization restructuring. Firstly, the decision making chain was shortened. Formerly a senior executive who was appointed a mentor from another department had to be involved in decision making process. The new system allowed quicker delivery of service to the customers by limiting the process to the direct supervisor's acknowledgement. Secondly, to help frontliners focus on their sales function and secure more customers, all support or purely administrative functions were separated from business functions. These two functions remain well-balanced despite the separation because each continues to maintain the synergy of their productivity.

BOARD OF
COMMISSIONERS



From left to right : Kemas M. Arief (Commissioner), Emri (Commissioner),
I N. Suwandha (President Commissioner), Chandra Purnama (Commissioner).

**MESSAGE
FROM
THE BOARD OF
COMMISSIONERS**

In 2001, the unstable economic and monetary condition of Indonesia were marked by the weakening exchange rate and high interest rate of Rupiah currency. To Bank Bali, this was a major challenge to overcome throughout the year. Meanwhile, in October 2000 we were the last bank recapitalized by the Government. The recapitalization bond was at a fixed rate of 12.125% in average per annum, causing negative spread in Rupiah. Consequently we had to pay significant amount of interest subsidy due to the high interest rate of third party funding guarantee in 2001.

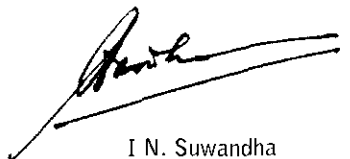
The above condition pushed us to exercise various efforts in improving efficiency and exploring opportunities to increase revenue without compromising customer service quality. The result was satisfactory and we finally achieved the goals set in the beginning of the year. In 2001, we successfully met the Capital Adequacy Ratio (CAR) and Non Performing Loan (NPL) targets regulated by the Central Bank and posted consolidated net profit of Rp. 216.12 billion.

Along the way, we also formed an Audit Committee to help the execution of monitoring function toward Good Corporate Governance.

On behalf of the Board of Commissioners, we extend gratitude and appreciation to the Government of the Republic of Indonesia, the public, the customers, the shareholders and the business partners for their trust and cooperation in keeping Bank Bali existent. We also appreciate the entire management team and employees for their support, commitment, dedication and loyalty.

May the Almighty God bless us all.

Jakarta, 12 April 2002



I N. Suwandha
President Commissioner



Chandra Purnama
Commissioner

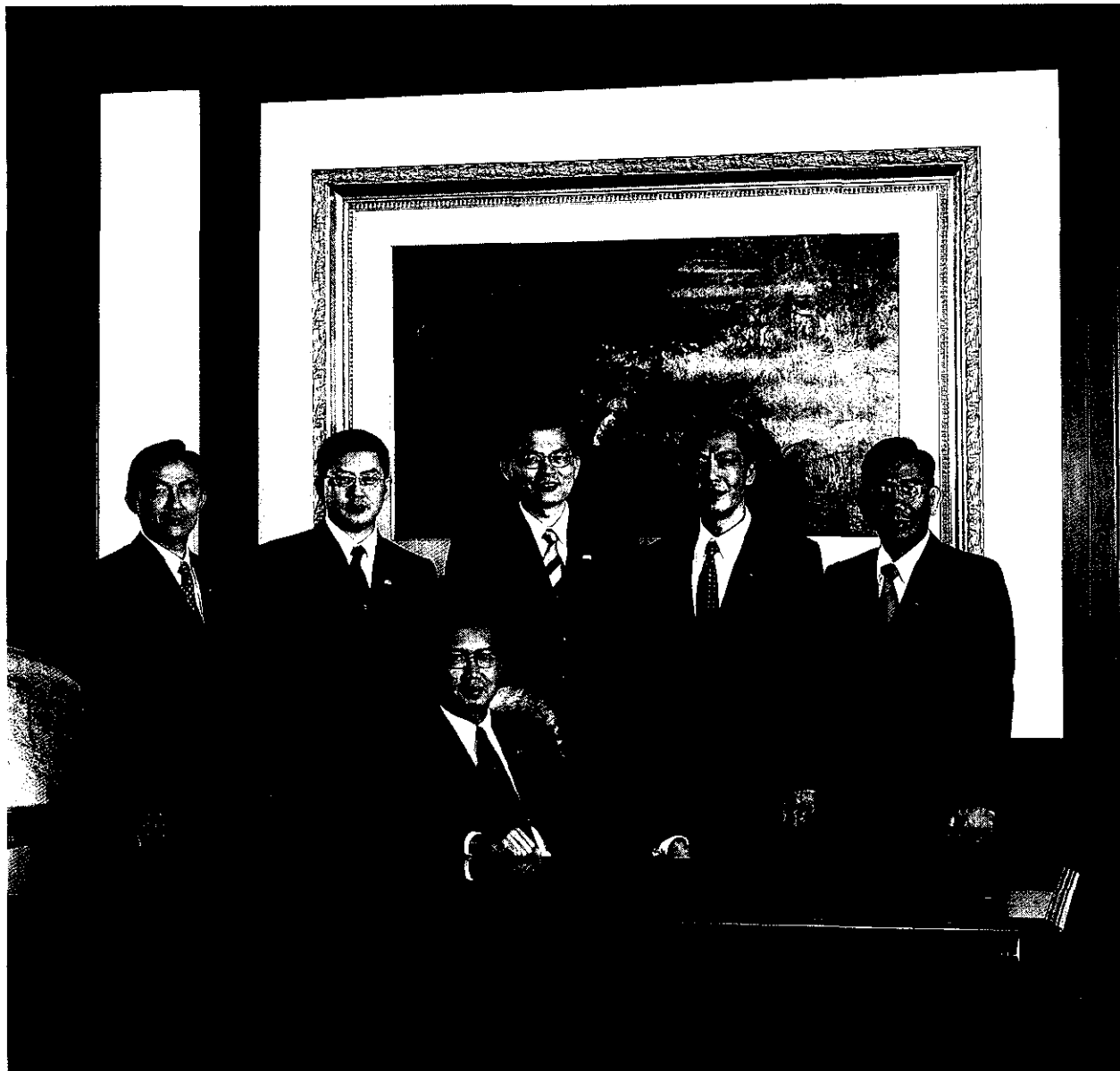


Emri
Commissioner



Kemas M. Arief
Commissioner

**BOARD OF
DIRECTORS**



From left to right : Joseph G. Godong (Director), Andrew H. Hanubrata (Director),
Dradjat B. Prasetyo (President Director), Thomas Tan (Director), Hendry Khendy (Director),
Sjahfiri Gaffar (Director).

**LETTER
FROM
THE BOARD OF
DIRECTORS**

Year 2001 was not an easy time for the Bank (Bank Bali), despite the completed recapitalization. The expected economic and monetary stability was far from sight, while domestic political turmoil continued to hinder the recovery process. Rupiah exchange rate continued to weaken while interest rate remained high, whereby third party funding interest rate once soared to 17.9% per annum. Such condition caused Rupiah negative spread for the Bank, mainly due to the recapitalization bond at fixed rate of 12.125% in average per annum.

However, it is glad to see how the Bank survived through 2001. This was evident by the fulfillment of minimum Capital Adequacy Ratio (CAR) of 8% and the indicative target of Non Performing Loan (NPL) of 5% required by the Central Bank, as well as posting enough profit to avoid being delisted from the stock exchange. The Bank is pleased to declare that by 31 December 2001, it achieved 8.9% CAR, 3.2% NPL and earned consolidated net profit of Rp. 216.12 billion.

In line with the prudent banking principle, by 31 December 2001 the Bank formed provision for losses of productive assets of Rp. 201.39 billion, exceeding the Central Bank's requirement of Rp. 105.08 billion.

Indonesian banking industry consolidation still continues. To accelerate the recovery of banks under the Indonesian Bank Restructuring Agency (IBRA) and to improve the intermediation quality and function of the banks for economic growth, on 20 November 2001 the Government announced the plan to merge five (5) banks under IBRA's management, namely Bank Bali, Bank Universal, Bank Artamedia, Bank Prima Express and Bank Patriot.

To demonstrate support toward successful banking merger led by the Government, the Bank will try its best to maintain good financial performance during the process.

**FINANCIAL
HIGHLIGHTS**

BALANCE SHEET

Assets

By 31 December 2001, consolidated assets amounted to Rp. 13,001.60 billion, an 8.7% increase from year 2000. This was mainly attributed to the 102.6% net rise in loans distribution.

Marketable Securities

The position of marketable securities as of 31 December 2001 before allowance for losses and decline in market value was Rp. 7,623.16 billion - 69.7% of which was the recapitalization bond issued by the Government of the Republic of Indonesia on 12 October 2001.

The value of marketable securities rose by 25.4% compared to the position at the end of 2000. The increment was mainly due to significant rise in the volume of exchange offer placement worth Rp. 1,391.72 billion, the Floating Rate Notes (FRN) of minimum USD 10 million and the government bond of USD 20 million. The marketable securities acquired or placed were at the high yield - low risk category so we can improve revenue without the expense of the CAR.

Loans

By the end of 2001, the amount of loans before allowance for losses was Rp. 2,196.33 billion, increasing sharply by 45.9% from position by the end of 2000 due to intensified lending activities.

Loans were channeled as small business loans (*Kredit Usaha Kecil/KUK*) that constituted 3.66% of total lending by 31 December 2001. KUK accounts equaled 1.40% of total debtors.

Meanwhile, by the end of 2001 lending to parties with privileged relationships decreased by 67.2% to Rp. 2.86 billion compared to the end of 2000 position, with the following details :

Description	(in million Rupiah)	
	31 December	
	2001	2000
Customer	0,000	6,019
Key Employees	2,865	2,708
Total	2,865	8,727

Loans extended to key employees was in the form of vehicle, housing or other primary loans with 1 to 10 years maturity. The payment of these loans was deducted from their monthly salaries.

By the end of 2001 the accumulated allowance for loan losses was Rp. 160.04 billion or 7.3% of the loans portfolio. It was 68.0% lower than the position by the end of 2000, due to the decreasing number of non-performing loans.

Non-performing loans by the end of 2001 amounted to 3.2% of the total lending (parent company only) or Rp. 68.93 billion, plunging by 87.9% compared to the 31 December 2000 position. The details are as follow :

(in billion Rupiah)

Loans Quality	31 December 2001		31 December 2000	
	Amount	%	Amount	%
Current	1,778.04	82.9	614.43	47.4
Special Mention	297.46	13.9	112.57	8.7
Substandard	23.14	1.1	42.72	3.3
Doubtful	17.22	0.8	258.89	19.9
Bad	28.57	1.3	268.78	20.7
Total	2,144.43	100.0	1,297.39	100.0

By economic sectors, our lending portfolio was still dominated by industry and trading, respectively 40.1% and 16.2%. The lending composition by currency was 74.7% in Rupiah and 25.3% in foreign currencies. This is due to the undervaluation of Rupiah exchange rate by the end of 2001 (USD/IDR = Rp. 10,400).

Third Party Funding

Third party funding by the end of 2001 was Rp. 10,525.75 billion, increased by Rp. 1,819.10 billion or 20.9% compared to the position at the end of 2000. It constituted 84.5% of our total liabilities by 31 December 2001. The increase in third party funding reflected strong public trust in Bank Bali.

The structure of third party funding consisting of current accounts, savings accounts and time deposits by the end of 31 December 2001 were 19.8%, 15.8% and 64.4% respectively. The public funding successfully gathered was 83.0% in Rupiah and 17.0% in foreign currencies. The average maturity period of time deposits was less than a year, and by the end of 2001 only 2.9% of the total time deposits volume was on 12 months maturity basis.

Fund generated from other parties with privileged relationships amounted Rp. 16.68 billion by the end of 2001 or decreasing 28.6% from its position by the end of 2000. The details are as follow :

(in million Rupiah)

Description	31 December 2001	31 December 2000
Current Accounts	2,646	12,950
Savings Accounts	2,551	1,277
Time Deposits	11,481	9,128

Equity

On 31 December 2001, we posted equity of Rp. 513.94 billion, an increase of Rp. 40.82 billion or 8.6% from the level on 2000. The rise was mainly contributed by net profit yielded by the end of 2001. The Capital Adequacy Ratio (CAR) at the end of 2001 was 8.9%, decreasing from 13.5 % by the end of 2000 due to the change in CAR formula (based on the Central Bank Regulation No. 3/21/PBI/2001 dated 13 December 2001, effective from the end of December 2001).

Net Profit

With the success of recapitalization, we posted operating profit of Rp. 31.57 billion in 2001 against operational loss amounted Rp. 942.49 billion at the same period in 2000. Consolidated net profit soared to Rp. 216.12 billion in 2001 compared to net loss of Rp. 1,080.36 billion in year 2000. As the positive impact of quality improvement in loans portfolio, the reversal of provision for losses of productive assets contributed significantly toward the net profit achievement in 2001. Furthermore, to create operational efficiency and exercise the contingency measure to achieve profit target in 2001, we have divested from PT Prudential BancBali Life Assurance, Jakarta, and Bali International Finance Ltd., Hong Kong. The summary of explanation about important changes in profit/loss is available below.

Net Interest Income

After two years of net interest loss, in 2001 we successfully yielded 130.5% increase in net interest income to Rp. 77.89 billion. The rise was caused by improvement in interest income amounting to Rp. 655.69 billion or 106.5% to the level of Rp. 1,271.12 billion in year 2001. Expense on interest, however, only rose by Rp. 322.70 billion or 37.1% to Rp. 1,193.23 billion in 2001.

The positive net interest income was mainly due to increase in lending and good management of marketable securities (except the recapitalization bond), enabling us to close negative spread from the fixed interest rate recapitalization bond.

Meanwhile, the expense on interest increased by 37.1% to Rp. 1,193.23 billion in 2001 because the interest rate of third party funding guarantee remained high in 2001 and the volume of Rupiah time deposits rose by 17.8% with average interest rate of 15.2% compared to 12.1% at the end of 2001. The volume of Rupiah current accounts improved by 12.3% with average interest rate of 5.3% in 2001 compared to 4.3% in 2000.

Other Operating Income

During 2001, other operating income amounted to Rp. 257.67 billion or 22.2% lower than Rp. 331.14 billion in 2000. Profit from foreign currency decreased

significantly by 61.7% or down to Rp. 70.59 billion in 2001 against Rp. 184.51 billion in 2000 as the Rupiah exchange rate stabilized in 2001. Fee-based income improved by 27.6% to Rp. 106.86 billion compared to Rp. 83.72 billion in year 2000, primarily from adjustment in administration fees.

Other Operating Expenses

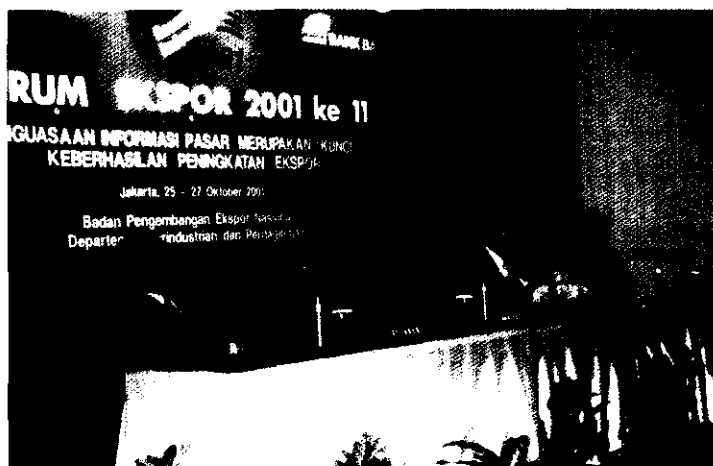
The other operating expenses of year 2001 amounted to Rp. 303.99 billion or plunged 70.1% from Rp. 1,018.53 billion in 2000. This was caused mainly by decreasing provision for losses of productive assets as well as estimated losses of commitments and contingencies which become the main component of other operational expenses, from Rp. 575.11 billion in 2000 to reversal of Rp. 168.23 billion in year 2001. Meanwhile, personnel expenses only grew by 8.2% from Rp. 174.31 billion to Rp. 188.62 billion primarily to accommodate necessary cost of living adjustments in employees' welfare.

Non Operating Income

For the year ended on 31 December 2001, the Bank posted non operating income of Rp. 199.67 billion, soaring from Rp. 171.73 billion loss in year 2000. The increase in non operating income resulted mainly from receivables in exchange of loss previously absorbed due to divestment from the subsidiary of Bali International Finance Ltd., Hong Kong - amounted to Rp. 83.86 billion, compensation of Rp. 61.50 billion for termination of agreement with PT Prudential BancBali Assurance and net profit yielded by divested investment amounting Rp. 34.55 billion.

PRODUCTS AND SERVICES

In line with the corporate strategy, innovation as well as products and services development aim at expanding market share in retail banking, particularly for small-medium enterprise activities on individual or corporate basis.



Bank Bali co-sponsored 2001 Export Forum held by National Agency for Export Development (BPEN) and the Department of Industry and Commerce (Depperindag).

As the first step to actualize the goals that the Bank set at the beginning of 2001 - among others was to promote lending - in 2001 the Bank cooperated with the Indonesian Export Insurance (ASEI) to launch export loans particularly for exporters with small-medium businesses. By this cooperation, one of the conveniences exporters will enjoy is, for those who conduct transactions without letter of credit, they can choose to be



Lucky draw Si Jempol Mujur.



Samples of e-Wallet card.

covered with export insurance through ASEI and avoid unpaid risks.

Furthermore, to create added values for the customers, in 2001 the Bank introduced several new services such as free information service through Short Message Service (SMS) for Rupiah current account customers of Bank Bali. The service allowed the customers to be aware immediately of incoming fund transfer to their accounts. The Bank also continuously strived to enhance the functions of Bank Bali Call Center or Bali Kring and ATM to provide all business partners and customers with better services. The Bank partnered with Citibank and HSBC to offer more convenience for customers in paying their Citibank and HSBC credit card bills through Bank Bali electronic distribution channel such as Bali Kring, ATM and UBUD (Bank Bali internet banking).

Alliance was also built with PT Aplikanusa Lintasarta by joining the ATM Bersama network, so customers have more convenience in transactions and ATM availability. Together with PT Asuransi CIGNA, the Bank launched Bali Cash & Fund and Bali Term Life. These are health insurance programs designed exclusively for the Bank's savings accounts, private current accounts and credit card holders. For Si Jempol savings account holders, in 2001 we launched a lucky draw program "Undian Si Jempol Mujur (Si Jempol Lucky Draw)" for two consecutive periods.

Closer to the end of 2001, more precisely in December, the Bank and Visa International launched the first prepaid product called "e-Wallet" targeting on customers and non-customers of the Bank. "e-Wallet" was the first Visa Electron prepaid card with unique features. Firstly, no personalization. This means the e-Wallet card holder is not obliged to open a bank account and any individual can purchase the card as an end-user. The second feature was fund reload, by which new balance can be reloaded to the card. This product is now popular as "reload wallet" because the card owners can decide the amount of fund to be

deposited by crediting the amount they are comfortable with according to their spending budget, making "e-Wallet" part of budget control mechanism. Thirdly, the card graphics display can be customized to fit with certain events such as Ied Festival, Christmas, New Year and Valentine's Day. The launching of Electron Money Order in cooperation with PT Pos Indonesia allowed the addressee of money order as the end-user of e-Wallet card to withdraw cash from Bank Bali's ATMs, ALTO, Cakra, Rintis-BCA and ATM Bersama network. They can also receive fund through the entire network of post offices in Indonesia, purchase products/services in more than 15 million outlets globally, and conduct transactions in any of Visa Electron distribution channels around Indonesia and more than 700,000 ATMs around the world.

BUSINESS NETWORK

Throughout 2001, the Bank reduced the number of operational branches from 280 by the end of 2000 to 245 offices by the end of 2001, which consist of 1 head office, 33 full branches, 196 sub-branches and 13 cash offices in 24 cities around Indonesia and 2 overseas branches in Los Angeles and Cayman Islands respectively. The reduction of operational offices was necessary to improve operational efficiency and productivity without compromising customer services. The closure or relocation of operational offices was based on evaluation of the performance, business prospect and location.

The Bank manages a network of 374 ATMs. To provide customers with greater convenience in ATM transactions, the Bank built alliance with other ATM networks such as ATM BCA, ATM Bersama, ALTO and Visa International. Today customers can use their Visa Electron cards as ATM and debit cards on our ATM network as well as on the other networks mentioned above.

The Bank also maintains relationship with 455 correspondent banks internationally.

TECHNOLOGY

Technology remains a powerful medium for the Bank to increase revenue stream, especially from fee-based income.

Various initiatives have been exercised to benefit from the available technology infrastructure, such as the opening of ATM exotic features for ALTO whereby the customers of other banks within ALTO network can do banking, payment and purchase transactions through Bank Bali ATMs. The Bank also cooperated with the provider of ATM Rintis-BCA and ATM Bersama to expand cash withdrawal services for the customers. Furthermore, credit card payment cooperation with Citibank and HSBC has allowed the designated card holders to pay their bills through Bank Bali ATMs, Bali Kring and UBUD (internet banking) facilities.



Signing of agreement between HSBC and Bank Bali.

As technology advances, it is now possible to check the net position of foreign currency reserve through online Automatic Squaring. The initiative enables more efficient and secure foreign currency transactions in our branches due to the switching from manual blotter registration to Jack Henry (JHA) system.

The launching of e-Wallet product previously described in the Product And Services section was also made possible by the support of technology development.

Technology has also enhanced internal communication and information distribution. Today all corporate information can be accessed by the employees through BALLinfo Online site in Lotus Notes. The site was a more efficient and effective version of the print format.

HUMAN RESOURCES

Consistent with the Bank's commitment to giving the best, human resource quality remains crucial. Today's competition grows tighter and thus the need for smart, skilled and capable workforce has become greater.

Therefore, the Bank from time to time conducts special trainings to improve the employees' competency and professionalism. The trainings were focused on banking technical areas that relate directly with business activities. On the other hand, people management training was also provided. Trainings were led by internal resources and professional institution outside Bank Bali. Employees were also given opportunities to join external trainings on more specific areas. The conception and revision of labor policy remained continuous to build conducive work environment. These efforts are designed to improve the workforce capability and help accelerate their career path in the future, while increasing motivation and productivity.

Throughout 2001, the Bank continued to implement home-grown employee policy. By this means, available positions were filled by the internal resources. Employee recognition was also given in 2001. A total of 236 employees received recognition for their 8, 16 and 24 years of loyal service.

By the end of 2001, we conducted organization restructuring to improve the previous year's functions and sharpen focus on supporting the execution of corporate business plan. The change was also designed to intensify market penetration for each segment and enhance operational control.

**RISK
SUPERVISION
AND
MANAGEMENT**

The Bank's human resource profile by the end of 31 December 2001 consists of 4,730 employees, of which 4,454 were permanent employees and 37.17% are holders of Bachelors and Masters degrees.

In managing the business, the Bank deals with various business risks that directly and indirectly affect our condition and capacity to absorb the loss depending on the level of capital at hand. As the practice of prudent banking management principle, it is necessary to construct monitoring, supervision, assessment and risk management application system which at anytime can be the centerpoint for the Management in measuring the potential of the existing and potential risks of loss.

To maximize risk supervision and management, special corresponding divisions have been formed. The divisions participating in the risk supervision and management process are :

- a. Internal Control Unit (ICU)
- b. Corporate Internal Audit (CIA)
- c. Risk Management

The Internal Control Unit (ICU) supervises internal daily operations to identify as soon as possible any discrepancies at work. The findings then become one of the references for Corporate Internal Audit when evaluating a branch office. On the other hand, the data were also forwarded to the Risk Management as an input for advice on early anticipation of loss and how to minimize potential risk of loss.

A. Internal Control Unit

The Internal Control Unit (ICU) is a division coordinated by a branch to examine and evaluate the internal control system of previously completed transactions and to ensure whether the operation comply with the valid system and procedure.

This division reports to the Branch Manager, so that every discrepancy in the application of system and procedure in the respective branch can be promptly identified and handled by each Branch Manager.

To conduct evaluation and update the control implementation by each branch, the Head Office has formed ICU Support responsible for publishing the Guideline of Branch ICU Control Implementation to ensure uniformity in audit activities.

B. Corporate Internal Audit

To create more efficient and effective monitoring system, the Internal Audit Task Force (*Satuan Kerja Audit Internal/SKAI*) has been restructured to become Corporate Internal Audit (CIA) that emphasize more on specific areas of audit,

such as Operation, Credit & Trade Finance, Information Technology, Corporate Resources Management, Treasury and others. The intensified offsite audit activities has produced better understanding of each audit area.

On the other hand, CIA's supervisory function was enhanced by the formation of Audit Committee consisting of two Commissioners and an external independent member. The CIA policy and procedure has also been reviewed to comply with the new understanding of Good Corporate Governance, which later applied to the improvement of CIA Internal Audit Chapter and Policy.

C. Risk Management

The Risk Management division is formed to comply with international banking standard that require a bank to have a risk management unit responsible for minimizing possible risks generated by the bank's daily operation. The division consists of a few units depending on the available lines of business, and at such we have established :

1. Commercial Risk Management

One of their activities is supervising and managing risks by :

- Review on the spot

Evaluation toward the borrowers' industrial, management and financial business activities using facilities from Credit Quality Point and visiting a few loans customers to collect sampling.

- Passive review

Evaluation on quantitative data to assess the total quality of commercial loans portfolio by monitoring account receivables and payables of each business unit every month.

2. Individual and Operational Risk Management

To create more efficient and effective risk monitoring and management, the Risk Management division exercises further quantitative or qualitative analyses on the data collected by ICU from each business unit. The result is useful in many ways, one of which is as a recommendation for revising or writing new policy and/or procedure to minimize potential risks.

3. Treasury Risk Management

Another activity was, together with the Assets Liabilities Committee (ALCO), managing risks related to the management of the Bank's investment portfolio and cash position.

GOOD CORPORATE GOVERNANCE

To improve the quality of Good Corporate Governance and comply with IBRA's directive for banks under its management, the Bank and several other banks under recapitalization have written Good Corporate Governance guideline that includes the following main points :

1. Roles, Responsibilities and Potential Development of the Board of Commissioners and the Board of Directors
2. Business Planning and Performance Monitoring
3. Supervision toward Risk Management and Compliance
4. Audit Committee Operation
5. Information Availability
6. Work Ethics

The above main ideas were excerpts from best practices found in other countries already implementing Good Corporate Governance successfully, including these Good Corporate Governance principles :

1. Fairness
2. Transparency
3. Accountability
4. Responsibility

To exercise one of Good Corporate Governance principles, the Bank selected Mr. Emri and Mr. Kemas M. Arief as Independent Commissioners by the Decree of Board of Commissioners No. 03/2001 dated 14 November 2001. This action was also to meet the requirement outlined in Announcement from the Jakarta Stock Exchange No. SE-005/BEJ/09-2001 dated 24 September 2001 about Procedure in the Election of Independent Commissioners and point C in the Decree of Jakarta Stock Exchange Board of Directors No. Kep-339/BEJ/07/2001 dated 20 July 2001.

To ensure good management and fulfill their roles, functions and responsibilities together or separately, the Board of Directors meet with the Board of Commissioners once a month. This also applies to the Audit Committee.

The application of Good Corporate Governance principles aims to create added values for the Bank's stakeholders.

The Bank will always consistently practice the Good Corporate Governance principles in the workplace, concurrent with its mission of "Giving The Best". By continuously improving performance, the Bank hopes to solidify Bank Bali's presence in the national banking community.

SOCIAL ACTIVITIES

As a corporation that cares, the Bank tries within its best capacity to meet its social responsibilities.



Thomas Iin (left as the moderator) with Professor Wen Hai (right-as the speaker) of Beijing University in a seminar on China's Accession into the WTO.



Handover of refrigerated centrifuge machine from KualiVa to the Blood Transfusion Unit of Indonesia Red Cross (Jakarta branch).

Although financial condition was challenging to manage due to recovery process after prolonged economic and financial crises in Indonesia, the Bank still participated in some community programs.

One of the environmental awareness program supported by the Bank in 2001 was the Conservation of *Burung Jalak Bali* (Bali Humming Bird). The program featured paintings of the species almost in extinction, as well as the reprint of themed greeting cards. Other social activities include a seminar on China's accession to the World Trade Organization (WTO), donation to the victims of fire in Cipulir, picture coloring competition for kindergarten children living around the branch offices, the annual blood donor program and breaking the fast in Ramadhan month with the neighboring communities.

The other social concern initiative was embedded to KualiVa partnership

program. We donated a refrigerated centrifuge machine to the Jakarta Blood Transfusion Unit of the Indonesian Red Cross to advance their services to community.

2002 OUTLOOK

According to the Government's announcement at the end of November 2001 about the Bank's merger with four other banks under IBRA's management (namely Bank Universal, Bank Artamedia, Bank Prima Express and Bank Patriot) to accelerate the banking recovery program, the Government confirmed this action is necessary to build a new bank with stronger capital structure, healthier financial performance, and higher competitiveness with maximum intermediation function to meet the future demands of economic growth.

We understand that good financial performance will reduce the value of government bond to be issued in conjunction with the bank merger. Therefore, in

2002 the Bank aims to maintain good financial performance without neglecting prudent banking principle and the regulations in effect so that the merger plan can proceed successfully.

Although the Government has announced the merger, the following plan for 2002 does not include the synergy of merger results since the process is still at an early stage and the Bank should avoid over-expectation.

In year 2002, product and services will focus on development or improvement of the existing items to push potential customer growth, customer quality and fee-based income. Therefore, the Bank will intensify efforts to promote customer/public awareness about the products and the availability of branch offices in each location spot. Meanwhile, the branches will be transformed into sales and service outlets.

Similar to the goal in 2001, third party funding will be directed at increasing savings and current accounts to create a more stable and economical funding structure that can help the Bank boost market competitiveness and achieve better financial performance. The growth of third party funding will accommodate the needs of business growth while maintaining secure liquidity position.

The Bank will observe the macro condition and practice the prudent banking principle in lending activities. Consumer financing will be increased, considering the revenue stream remains favorable and at low risk. For better loans risk distribution, commercial lending will focus on small-medium businesses (SMB) without overlooking the potential of corporate segment. Diversification of lending activities will cover various market segment and economic sector proportionally subject to the potential and risks of each. Loans for the SMB segment should comply with the internal guideline. In developing programs to advance SMB, we will cooperate with various relevant organizations. Lending expansion can also include acquiring non-performing loans already restructured by IBRA through swap with our recapitalization bond (subject to our capacity). The expansion will balance with efforts to stop future non-performing loans while settlements of the existing non-performing loans continue by the means of intensive debt collection and restructuring.

The Bank will optimize the use of existing electronic distribution channel, either already in operation or idle. Service development will continue and new business partners will be added. Furthermore, the Bank will enter the commercial segment by launching PC Banking service. PC Banking is an electronic distribution channel by which customers can conduct banking transaction through their personal computer. These are the measures planned to improve fee-based income.

Income from the over-the-counter foreign currency transactions remains a strong contributor to the Bank's fee-based income. Therefore, the Bank will expand this

segment to commercial and corporate customers by diversification of foreign currency products and services without neglecting the prudent banking principle.

The operational plan for 2002 will focus on the efforts to improve operational quality to achieve secure, effective and efficient operational processes that utilize the electronic medium and expand centralized processing. In order to create more efficient operational processes, in 2002 we will intensify the existing cost-efficiency program.

Still in efforts to create more efficiency, the process of evaluation toward each branch office's business prospect, performance and location (which began in 2001) will continue especially in the pre-merger phase. Opening of new branch offices may be postponed, while the relocation or closure of several less profitable branches may be exercised. The relocation and closure of these branch offices will be done selectively without compromising customer service quality.

Business and operational development will be supported with adequate technology development, especially in the areas that directly impact short and long-term revenue, service, competitiveness and efficiency improvement. Technology development is also necessary to improve the existing Management Information System to produce more accurate information useful for the management's decision making.

The Bank is aware that the success of products, services, marketing program and operational activities depends on the human resource quality. Therefore, the current training and human resource development programs will undergo continuous improvement and remain available to produce the necessary top quality human resource. As a motivation factor, the human resource management will be enhanced with a complete job description for each position, availability of data on core competencies, better performance appraisal and monitoring mechanism, employee development plan and employee benefits improvement program which are subject to each employee's performance and its capacity to accommodate.

Control and supervision system is essential to ensure that any management action is compliant to the regulation and prudent banking principle with minimum business risk. On this note, the Bank's Corporate Internal Audit (CIA) plans to develop a quality assurance arm that will complete the existing supervision and control functions. The Bank will also continue the practices of Good Corporate Governance based on regulations set by the Central Bank and the capital market authority.

The Bank will strive to improve financial performance as the result of business operational so that the capital structure can meet the minimum CAR requirement

set by the Central Bank from time to time, and therefore support the merger plan explained earlier.

In the last quarter of 2001, the Bank has also filed in a request to the Government and the House of Representative to convert some of recapitalization bond from fixed-rate to variable-rate basis. This measure was necessary to cease negative spread caused by the fixed-rate obligation bond against the high interest rate on third party funding in the market, whereby the Bank had to subsidize the interest and lose opportunities in yielding significant amount of interest income. If such condition prolongs, Bank Bali's performance may be disrupted and hinder the Government's plan for merger and divestment from its ownership in the future.

Last but not least, we extend our sincere appreciation to all customers, business partners, shareholders, the Central Bank, the capital market authority, the Board of Commissioners and employees for their support and trust which have carried Bank Bali forward to its current success and existence in the banking industry. We will always need your support for further success. Meanwhile, we remain committed to "Giving The Best" in the best possible ways to nurture the good relationships we have built so far.

Jakarta, 12 April 2002



Dradjat B. Prasetyo
President Director



Hendry Khendy
Director



Joseph G. Godong
Director



Thomas Tan
Director



Sjahfiri Gaffar
Director



Andrew H. Hanubrata
Director

ADDITIONAL INFORMATION

DIVIDEND POLICY

In dealing with the economic crisis which eventually required the Government to issue blanket guarantee on public funding, the national banks participating in the guarantee are bound to specific regulations to comply with. Bank Bali's participation results in the following dividend policy (based on the Decree of Minister of Finance of the Republic of Indonesia No. 179/KMK.017/2000 dated 26 May 2000 about Conditions, Procedure, and Regulations of Government Guarantee on Public Bank Payment Obligations, ruling that the Participating Bank must request the shareholders' approval not to pay dividend during the course of Guarantee Program, or as long as the Participating Bank's liabilities to the Government in the Guarantee Program have not been paid in full. The Guarantee Program ran from 26 January 1998 until 31 January 2001, and will automatically extend for the next 6 months consecutively unless, if within 6 months before the end of Guarantee Program or its extension, the Minister of Finance announce to the public the termination and/or amendment of the program.

Observing the rules mentioned above and considering that since 1998 to 2000 the Bank suffered loss before posting profit in 2001, without reducing the rights of Bank Bali General Shareholders Meeting to decide otherwise according to the Article of Association, the Bank did not pay dividend for the book year of 1998, 1999, 2000 and 2001. The cash dividend per share which has been declared and paid to the shareholders in 1997 book year was as follow :

Book Year	Cash Dividend Per Share	Total Cash Dividend	Percentage to Net Profit
1997*)	Rp. 45	Rp. 22,734,344,700	29

*) Constitutes interim dividends distributed prior to the Government Guarantee Program.

We may declare dividend according to the previously established policy - minimum one payment of dividend annually subject to profit in the ongoing book year without neglecting Bank Bali's soundness and the amount of fund required for investment in business development.

MAJOR TANGIBLE ASSETS

Bank Bali's head office on Jalan Jenderal Sudirman Kavling 27, Jakarta 12920 and Bank Bali Bintaro Tower on Bintaro Jaya Sector VII, Tangerang, are the major physical assets worth more than 5% of the parent company and subsidiaries' total tangible assets.

There has been no important events after the Auditors' Report dated 28 March 2002, that bear enough significance and relevance to be included in this Annual Report except for what has been described in the Financial Highlights.

**ABOUT
THE BOARD OF
COMMISSIONERS**



I Nyoman Suwandha, SH (65 years)

Indonesian citizen, Chairman of the Board — Mr. Suwandha graduated from the Faculty of Law, University of Indonesia in 1961 with a major in Criminal Law. His career in litigation began as an Attorney with Central Intelligence Directorate at the State Attorney's Office of the Republic of Indonesia (1961-1966). Later he was appointed as the Junior Attorney General for General Criminal Affairs from 1993 - 1995 and later the Deputy Attorney General until his retirement in February 1997. Since 1997, Mr. Suwandha is the Director of Katon & Partners Legal Consultant. In December 1998, he became the member of Bank Bali's Board of Commissioners. Since the following July 1999, IBRA appointed him the member of Bank Bali's Supervisory Team. The shareholders later agreed to elect him to be the Chairman of the Board in November 2000.



Chandra Purnama (48 years)

Indonesian citizen, Commissioner — Mr. Purnama attained a Bachelor of Economics degree from UII, Yogyakarta in 1979 and an MBA from Balwin Wallace College, Ohio, USA in 1986. Having begun his career in 1979 at Bank BNI's Consumer Loan Management, he had gained wealth of experience in various assignments at the Treasury Division (1988-1993) and the top management positions in several Bank BNI branches / areas (1993 - 1997). He progressed to be the Deputy General Manager for Syndicated Finance and Services Division (1997 - 1998) and the General Manager of BNI Card Center (1998 - 2000). In February 2000, he joined IBRA as the Deputy Head of Risk Management, and later between November 2000 to December 2001 he was the Deputy Head of Administration and Support. In November 2000, he was appointed by IBRA as a member of Bank Bali's Supervisory Team and elected by the shareholders to be a member of the Board of Commissioners.

**ABOUT
THE BOARD OF
COMMISSIONERS**



Emri (57 years)

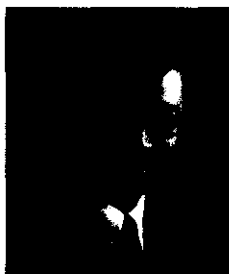
Indonesian citizen, Commissioner — Mr. Emri graduated in 1973 with a major in Corporate Economics from the Faculty of Economics, Andalas University, Padang. His career began in 1975 as the member of Loan Distribution unit, part of the Central Bank's Loan Production. His career progressed to being the Section Head for Private Bank - Non Foreign Income Bank at the Central Bank in Jakarta (1982). He was later appointed the Deputy Head of Foreign Income Management in June 1988. Mr. Emri has gained extensive experience in the Private Bank Monitoring Department, including *Bank Perkreditan Rakyat* (Rural Banking), before his assignment as the Deputy Head of Affairs in March 1996. Once managing the Central Bank's office in Manado (1998 - 2000), he was at the level equivalent to Deputy Director during the Retirement Preparation Period in the Central Bank's Human Resource Directorate, Jakarta. In November 2000, Mr. Emri was elected to be a member of Bank Bali's Board of Commissioners.



Kemas M. Arief (50 years)

Indonesian citizen, Commissioner — Mr. Arief attained a Bachelor's degree in Agriculture Produce Technology from Bogor Institute of Agriculture in 1976 and an MBA in Finance from Drexel University, Philadelphia (USA) in 1986. He also participated in 1985's Harvard Summer School (USA). His banking industrial experience began when he joined *Bank Rakyat Indonesia* (BRI) in September 1976. Among many assignments he had handled were branch manager for many of the bank's offices in various cities, the Deputy Head for International Affairs (July 1991), the General Manager at New York Agency (January 1995) and the Head of Accounting and MIS Division (July 1998). He was also posted to BRI's Singapore representative office in September 1992. In July 1993, Mr. Arief became the Deputy President Director of PT Sanwa BRI Leasing. He was assigned by IBRA in March 1999 to be a member of the Management Team for PT Bank Nusa Nasional and six months later to be the Coordinator. In June 2000, he was elected as the Leader and member of Bank Bali's Management Team before being re-appointed by IBRA in November 2000 as a member and elected by the shareholders to be a member of Bank Bali's Board of Commissioners.

ABOUT THE BOARD OF DIRECTORS



Dradjat Bagus Prasetyo (46 years)

Indonesian citizen, President Director — Mr. Prasetyo attained a Bachelor's degree in Accounting from the University of Indonesia in 1983 and an MBA from Golden Gate University, San Francisco (USA) in 1986. His career in banking industry began in August 1962 as Treasury Officer in the Head Office of Bank Duta. He later became the bank's Head of Export Import in Jakarta (1984 - 1986), the Head of Retail Banking (1986 - 1987), the Deputy and Manager of Denpasar branch (1987 - 1991) and the Head of Internal Banking Affairs (1991 - 1992). Mr. Prasetyo joined Bank Putera Sukapura in August 1992 as Director of Operations and in September 1993 became Director of Operations for PT Swadinamika Multi Finance. His experience includes involvement with PT Bank Mashill Utama Tbk as Director of Operations (1996 - 1997), Director of Treasury and Foreign Affairs (1997 - 1998) and President Director in October 1998. In March 1999, he was appointed by IBRA as the member of Management Team for PT Bank Duta Tbk and in February 2000 the Team Coordinator. He was also a member of PT Bank Bali Tbk's Management Team appointed by IBRA in June 2000. In November 2000, he was the Leader and a member of the Bank's Management Team, while concurrently being elected by the shareholders to be the President Director.



Andrew Hardi Hanubrata (43 years)

Indonesian citizen, Director — Mr. Hanubrata graduated from Parahyangan Catholic University, Bandung, with a major in Accounting. While studying, he began his career journey from a distribution company (1977 - 1986). He joined PT Bank Bali in 1986 through Officer Development Program and promoted to be a Marketing Officer (1987 - 1988). In 1990, he was elected the Commercial Marketing Head for Bandung area. In 1992, he was transferred to Surabaya under the same responsibility for East Java and East Indonesia territory in 1993. His path ascended consistently to an appointment in 1995 as Group Head for Business Units in East Java and East Indonesia territory as well as General Manager for Middle Marketing in Indonesia. In 1997, he was the Advisor for Special Assets Management for Surabaya, Bandung and Jakarta. Mr. Hanubrata was elected as Director of PT Bank Bali Tbk in December 1998. In July 1999, he is a member of Support Team for the Management Team in charge of the Bank's Strategic Planning. He was re-elected in November 2000 to be a Director of the Bank.

**ABOUT
THE BOARD OF
DIRECTORS**



Hendry Khendy (46 years)

Indonesian citizen, Director — Mr. Khendy graduated from the Accounting Academy in Jakarta in 1975. He built a career in Citibank N.A. since 1975 to 1994 as the Vice President for Credit Control Department. In 1995, he joined PT Modern Bank Tbk as the Director of Operations. In early 1998, he was the Finance Director of PT Asiana Multikreasi Tbk. Since November 1999, he was a member of PT Bank Bali Tbk's Management Team and elected in November 2000 by the shareholders to be a member of the Board of Directors.



Joseph Georgino Godong (40 years)

Indonesian citizen, Director — Mr. Godong attained a Bachelor's degree in Electrical Engineering from Trisakti University, Jakarta. He joined PT Bank Bali through Officer Development Program in 1986. His career in the Bank began at the Commercial Banking Department (1987 - 1989), and shifted to Retail Banking Department (1990 - 1994) before being appointed the System and Operation Group Head in 1994. Mr. Godong was also the Center Manager of Credit Card Issuing Business (1996 - 1998) before being re-appointed to be the General Manager Individual Marketing in October 1998. In December 1998 he was a Director of PT Bank Bali Tbk and in 1999 a member of the Support Team for the Management Team, handling Regional Sales and Service. He was also a Director of a services company in June 2000 before being re-elected to be a Director of the Bank in November 2000. Since May 1999, Mr. Godong is the Honorary Associate of Indonesian Bankers Institute.

**ABOUT
THE BOARD OF
DIRECTORS**



Sjahfiri Gaffar (48 years)

Indonesian citizen, Director — Mr. Gaffar graduated from the Faculty of Economics, University of Indonesia, in 1979. He began his career in 1977 at the Demography Institute of Faculty of Economics, University of Indonesia, and later joined the Tax and Customs Directorate General of the Finance Ministry of the Republic of Indonesia from 1980 until 1983. His banking career began in 1984 at PT Bank Niaga through the Executive Education Program and later was elected to be the Central Head of Bills and Exchange Department. In 1990, he was appointed the Head of Export Import Division for Area I Jakarta. He lead several other divisions (1991 - 1993), with the last position as Head of Operational Support Division at the Central Operation and Administration Group (1994 - 1996). In 1996, he joined PT Bank Papan Sejahtera as the Head of Central Export Import and Remittance Division and progressed to become the Head of Central Export Import Unit and Treasury Operation Support. In March 1999, he was appointed a member of PT Bank Tamara Tbk's Management Team and since June 2000 became the member of PT Bank Bali Tbk's Management Team before being elected by the shareholders to be a member of the Bank's Board of Directors in November 2000.

**ABOUT
THE BOARD OF
DIRECTORS**



Thomas Tan Tjio Tong (45 years)

Indonesian citizen, Director — Mr. Tan graduated with a Bachelor of Commerce degree in Accounting from Deakin University, Australia, in 1981. At present he is in the process of attaining Master of International Trade and Investment Law from the same university. His career began as a financial auditor at the Public Accounting firm Prasetyo, Utomo & Co (1982 - 1985), before joining Citibank N.A., Jakarta, in 1985 as an Executive Development Program Officer and Product Manager. In 1987, he was appointed Deputy President Director of PT Citicorp Leasing Indonesia and in 1989 joined American Express Bank, Jakarta as the Credit and Marketing Unit Head. Since 1990, he joined PT Bank Bali Tbk firstly as the Deputy Regional Head for East Indonesia territory. Through the course of his career in the Bank, Mr. Tan was once the Regional Head for Sumatera, West Kalimantan and Batam, Head of Management Development, Head of Corporate Legal, Head of Remedial Management, as well as Head of Correspondent Banking, Financial Institutions and Offshore Litigation. He also supervised the Bank's representative offices in Los Angeles, USA, Shanghai and Singapore, and the subsidiary of Bali International Finance Ltd., Hong Kong. Prior to his current responsibilities as a Director of the Bank since November 2000, Mr. Tan was Regional Head for Business Units of Jakarta and part of Sumatera, Kalimantan, West Java and East Java. He is also an Honorary Senior Associate of the Indonesian Bankers Institute.

SUBSIDIARY & AFFILIATE COMPANIES

SUBSIDIARY / AFFILIATED COMPANY	ADDRESS	POSITION & NAME
■ PT BALI SECURITIES (Securities Co.)	Gedung Bank Bali 2nd Floor, Jl. Jend. Sudirman Kav. 27, Jakarta 12920 Ph.: (021) 5237815 Fax.: (021) 2500638	President Director : Rita Ningsih Djapri Director : Jejei Kurnia
■ PT ASURANSI BANCBALI NIPPON FIRE (General Insurance Co.)	Gedung Bank Bali 8th Floor, Jl. Jend. Sudirman Kav. 27, Jakarta 12920 Ph.: (021) 5237500/2/3/4 Fax.: (021) 5237505/6	President Director : Sadashi Kodera Deputy President Director : Bernadet Mariani Siswanto Director : Mikihito Yasaki
■ PT WILLIS CORROON BANCBALI (Insurance Brokerage Co.)	Wisma Kyoei Prince 21st Floor, Jl. Jend. Sudirman Kav. 3-4, Jakarta 10220 Ph.: (021) 5723422 Fax.: (021) 5723428	President Director : Kirk Austin Deputy President Director : Irvan Anwar Director : Graham Edwards
■ PT BANK UOB INDONESIA (Banking Co.)	Menara BCD 1st - 3rd Floor, Jl. Jend. Sudirman Kav. 26, Jakarta 12920 Ph.: (021) 2506330 Fax.: (021) 2506331	President Director : Chua Kim Hay Deputy President Director : James Lim Tian Pher Director : Sim Choo Kay
■ PT KDLC BancBali Finance (Consumer Finance & Leasing Co.)	Gedung Bank Bali 7th Floor, Jl. Jend. Sudirman Kav. 27, Jakarta 12920 Ph.: (021) 5237260 Fax.: (021) 2500855	President Director : Byong Mahn Lee Director : Soong Hee Baik Jung Sik Yoon
■ UOB Venture Investment Ltd. (Venture Capital Holding Co.)	80 Raffles Place, 30th Storey, UOB Plaza 2, Singapore 048624 Ph.: (65) 5393533 Fax.: (65) 5382569	President Director : Ernest Wong Yuen Weng Director : Wee Ee Cheong Gn Hiang Meng Hong Tai
■ Orient Bancorporation Ltd. (Bank Holding Co.)	233 Sansome Street, San Fransisco, California 94104, U S A Ph.: (415) 3380668 Fax.: (415) 3988949	President Director : Ernest L. Go Director : William Fuller Benjamin F. Greenough John Ng Matook Nissim George Sycip Robert Thomas Crowe

SUBSIDIARY & AFFILIATE COMPANIES

■ PT SARANA BALI VENTURA (Venture Capital Co.)	Jl. By Pass Ngurah Rai No. 17, Sanur Kauh, Denpasar Selatan, Bali Ph.: (0361) 282868 Fax.: (0361) 282890	President Director : Made Gde Sudharma Santosa Director : I Made Gunawirawan Asher Imaret Siregar
■ PT Bank UFJ Indonesia (Banking Co.)	Gedung Bank Bali Lantai 3-4, Jl. Jend. Sudirman Kav. 54-55, Jakarta 12920 Ph.: (021) 2500401 Fax.: (021) 2500410	President Director : Makoto Kaneko Deputy President Director : Hajime Kato Mamoru Shibazaki Director : Toshikuni Fujita Daniel Kandinata
■ PT BPR SRISEDANA MANDIRI (Rural Banking)	Jl. Raya Peliatan No. 2, Kec. Ubud, Gianyar, Bali Ph.: (0361) 975672	President Director : I Made Item Suarjana Director : I Nyoman Partha
■ PT BPR BALI ARTHA MANDIRI (Rural Banking)	Ds. Bebandem, Kec. Bebandem, Kab. Karangasem, Bali Ph.: (0361) 21309	President Director : I Made Wardana Director : Ni Nyoman Rustini
■ PT BPR BALI KOPMENGWI MANDIRI (Rural Banking)	Jl. Raya Denpasar, Singaraja, Ds. Mengwiten, Kec. Mengwi, Kab. Badung, Bali Ph.: (0361) 829881	President Director : A.A. Putu Oka Putra Director : Ni Nyoman Suciati
■ PT BPR KOPKUTA MANDIRI (Rural Banking)	Jl. Gn. Sanghyang No. 198 B, Kerobokan, Kuta, Badung Ph.: (0361) 423688	President Director : I Putu Surawan Director : Ni Nyoman Tresnawati
■ PT BPR BALI MUKTIJAYA MANDIRI (Rural Banking)	Pasar Kayuamba, Ds. Tiga, Kec. Susut, Kab. Bangli, Bali Ph.: (0361) 51403	President Director : I Putu Darmawan Director : I Wayan Suarnata
■ PT BPR BALI CATUR MANDIRI (Rural Banking)	Jl. Raya Pakis No. 111, Kec. Pakis, Kab. Malang 65154 Ph.: (0341) 792108	Director : Yuas Widyandono
■ PT BPR BALI PANCAJAYA MANDIRI (Rural Banking)	Jl. Pahlawan No. 9, Ds. Mayang, Kec. Mayang, Kab. Jember Ph.: (0331) 591386	President Director : Rosadi Saman Director : Syamsul Anam

SUBSIDIARY & AFFILIATE COMPANIES

■ PT BPR BALI AGUNG MANDIRI (Rural Banking)	Jl. Raya Blitar No. 44, Kec. Ngunut, Tulungagung Ph.: (0355) 398848	President Director : Mahmudi
■ PT BPR BALI MAJUJAYA MANDIRI (Rural Banking)	Jl. Raya Kepadangan 53, Kec. Tulangan, Kab. Sidoarjo Ph.: (031) 8850249	President Director : Albertus Gunawan Director : Akhmad Zaini
■ PT BPR BALI CEMAWIS MANDIRI (Rural Banking)	Jl. Raya Cerme Lor 98 A, Gresik 61171 Ph.: (031) 7990128	President Director : Zumroh Director : Rumli
■ PT BPR BALI PANDANARAN MANDIRI (Rural Banking)	Jl. Raya Boyolali KM. 3,5, Kec. Mojosongso, Kab. Boyolali Ph.: (0276) 321484	President Director : Antonius Susiyanto Director : Teguh Herwanto
■ PT BPR BALI BANARAN MANDIRI (Rural Banking)	Jl. Raya Timur KM. 16 No. 18, Ds. Banaran, Kec. Sambungmacan, Kab. Sragen Ph.: (0271) 662470	President Director : Fatah Hidayat Director : Puji Winarto
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Fax.: (031) 5456803

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■ JEMBER

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Komp. Ruko Kuta Indah Blok C 6,
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Jl. Pura Bagus Teruna No. 522 Legian,
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Komp. Bengkong Permai Blk A No.9,
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Komp. Harapan Business Centre
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CORPORATE INFORMATION

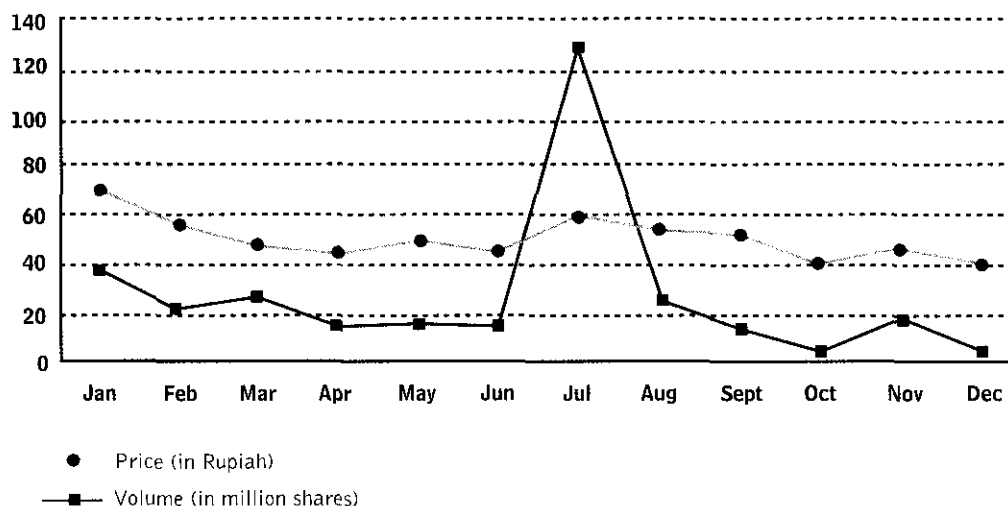
Bank Bali's stocks are listed in 2 stock exchanges, namely, the Jakarta Stock Exchange (BEJ) and the Surabaya Stock Exchange (BES).

The stock price and the volume of stock traded during the last 2 years are as follows :

	Price per Share (Rp.)			Activity Volume
	Highest	Lowest	Close	
January - March 2000	1,075	375	475	103,639,000
April - June 2000	475	250	300	31,836,000
July - September 2000 *	360	80	100	211,153,000
October - December 2000 *	100	60	75	250,316,000
January - March 2001	75	40	50	84,466,000
April - June 2001	55	40	45	41,530,000
July - September 2001	70	45	50	164,970,000
October - December 2001	50	35	40	23,792,000

* Based on the Extraordinary Shareholders' Meeting of PT Bank Bali Tbk on 28 August 2000, the shareholders approved a Limited Public Offering III through Right Issue. Each holder of share was entitled to buy 99 (ninety nine) new Class B shares with par value per share of Rp. 5, at the offering price of Rp. 80.51 per share.

Bank Bali's stock movement in year 2001



As of 31 December 2001, there were 1,147 (one thousand one hundred forty seven) shareholders, with the composition as follows :

SHAREHOLDERS	TOTAL SHARES
A. Shareholders \geq 5%	
The Indonesian Bank Restructuring Agency	66,011,335,917
B. Shareholders $<$ 5%	
Local	1,189,081,886
Foreign	165,497
Total	67,200,583,300

The chronology of shares recording are as follows :

Recording Date	Shares Issued	Total Shares	Description
15 January 1990	3,999,000	3,999,000	Initial Public Offering
10 September 1990	15,508,000	19,507,000	Limited Public Offering I
14 November 1990	42,525,000	62,032,000	Recording of Founder Shares
8 September 1992	124,064,000	186,096,000	Issuing of Bonus Shares
17 July 1995	65,133,600	251,229,600	Limited Public Offering II
18 March 1996 - 20 March 1998	1,434,230	252,663,830	Warrant Conversion
27 October 1997	252,603,830	505,267,660	Stock Split
25 August 1998	166,738,173	672,005,833	Issuing of Bonus Shares
20 September 2000	66,528,577,467	67,200,583,300	Limited Public Offering III In regard of the recapitalization program

The administrative bureau for Bank Bali's shares is :

PT Blue Chip Mulia
Bina Mulia Building I, 4th Floor
Jalan HR Rasuna Said Kav. 10, Jakarta 12950
Phone : (62) (021) 5201928, 5201983, 5201989, 5201993
Fax.: (62) (021) 5201924

Should there be any question regarding the information of the Bank, please contact :

CORPORATE SECRETARIAT
Gedung Bank Bali, Jalan Jend. Sudirman Kav. 27, Jakarta 12920
Phone : (62) (021) 5237980, 5237899, 5237999, 5237788
Fax.: (62) (021) 2500811
Homepage : <http://www.bankbali.co.id>

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**AUDITORS'
REPORT**

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61	Notes to Consolidated Financial Statements



ANDERSEN

PRASETIO, UTOMO & CO.

PT Bank Bali Tbk and Subsidiaries

**Consolidated Financial Statements And Independent Auditors' Report
For The Years Ended December 31, 2001 And 2000
(Indonesian Currency)**



This Report is Originally Issued in Indonesian Language.

Independent Auditors' Report

Report No. 37038S

**The Stockholders, the Boards of Commissioners and Directors
PT Bank Bali Tbk**

Praetio, Utomo & Co.
Registered Public Accountants
Business License No. KEP-616/KM.17/1998
A member firm of Andersen Worldwide SC

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Jalan Jenderal Sudirman Kav 1
Jakarta 10220
Indonesia

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We have audited the consolidated balance sheets of PT Bank Bali Tbk and Subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated Subsidiaries, which statements reflect total assets and total income from operations of 0.18% and 0.02%, respectively, in 2001 and 1.75% and 1.53%, respectively, in 2000, of the consolidated totals. We also did not audit the financial statements of certain associated companies, the investments in which are reflected in the accompanying consolidated financial statements using the equity method of accounting. Such investments represent 0.54% and 0.57% of the consolidated total assets as of December 31, 2001 and 2000, respectively, and the Bank's equity in the net earnings or losses of such associated companies represents 7.15% and 1.49% of the consolidated net income (loss) for the years ended December 31, 2001 and 2000, respectively. Those statements were audited by other independent auditors whose unqualified reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those Subsidiaries and associated companies, is based solely on the reports of the other independent auditors.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other independent auditors provide a reasonable basis for our opinion.

This Report is Originally Issued in Indonesian Language.

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Bank Bali Tbk and Subsidiaries as of December 31, 2001 and 2000, and the results of their operations, changes in their stockholders' equity, and their cash flows for the years then ended in conformity with generally accepted accounting principles in Indonesia.

As discussed in Note 3 to the consolidated financial statements, the Bank adopted the Revised Statement of Financial Accounting Standards (PSAK) No. 31 "Accounting for Banking" issued by the Indonesian Institute of Accountants (IAI) and the "Accounting Guidelines for Indonesian Banking" (PAPI) issued by Indonesian Institute of Accountant together with Bank Indonesia which became effective on January 1, 2001. As a result of the adoption of such PSAK and PAPI, the Bank restated and reclassified certain accounts in the 2000 consolidated financial statements.

As discussed in Note 45k to the consolidated financial statements, on November 20 and 22, 2001 the Indonesian Bank Restructuring Agency (IBRA) has announced the merger plan of the Bank with other four (4) banks. As the legal and technical implementation of the merger are not yet available, it is not possible at this time to determine the impact of the merger on the Bank's future operations and financial position.

As discussed in Note 42 to the consolidated financial statements, starting in the middle of 1999, the Indonesian economy showed signs of improvement as indicated by the decrease in the interest rate of Bank Indonesia Certificates and inflation rate. However, the Rupiah exchange rate as compared to US Dollar, as of December 31, 2000 has depreciated as compared to that of December 31, 1999 and continued to weaken as of December 31, 2001. Up to March 28, 2002, the Rupiah exchange rate as compared to the US Dollar has further improved. The economic conditions in Indonesia will continue to be affected by the social and political stability, the success of the bank recapitalization and on-going debt restructuring. As discussed in Note 45a to the consolidated financial statements, on July 23, 1999, the Bank has been placed under the management and supervision of IBRA and, subsequently, the Bank's status was changed into a government Taken-Over Bank (BTO). Based on the decision letter of the Chairman of IBRA No. SK-368/BPPN/0899 dated August 4, 1999, the Bank was declared eligible to participate in the recapitalization program for BTO banks. To meet the minimum capital requirements, the Bank offered its shares in a Limited Public Offering through the Rights Issue III in accordance with the decision letter of the Chairman of IBRA No. SK-462/BPPN/1199 dated November 29, 1999. On August 28, 2000, the Bank conducted a Limited Public Offering (Rights Issue) III, wherein IBRA subscribed and paid 66,011,335,917 Class B shares at the price of Rp 80.51 per share or a total of Rp 5,314,357,000,000. With the Limited Public Offering (Rights Issue) III, the Bank's paid-in capital was increased to Rp 668,645,803,835, thereby resulting in a positive stockholders' equity as of December 31, 2000. In conjunction with the aforesaid recapitalization program, on September 29, 2000, the Bank also transferred to IBRA all its rights and ownership over its non-performing assets as of June 30, 2000. After the said recapitalization program, the Bank has complied with the minimum capital adequacy ratio (CAR) as required by Bank Indonesia. Because the Bank's recapitalization was only completed in October 2000,

the Bank still incurred a consolidated net loss of Rp 1,080,362,733,762 for the year ended December 31, 2000, however for the year ended December 31, 2001 the Bank has consolidated net income amounted to Rp 216,124,932,967. The consolidated financial statements include the effects of the economic condition to the extent they can be determined and estimated. Resolution of the economic condition depends on the monetary, fiscal and other measures that have been and will be undertaken by the Indonesian Government, actions which are beyond the Bank's and Subsidiaries' control. Therefore, it is not possible to determine the future effects the economic condition may have on the Bank's and Subsidiaries' earnings and realization of their earning assets, including the effects flowing through from the Bank's and Subsidiaries' customers, depositors, creditors and stockholders.

PRASETIO, UTOMO & CO.

License No. 98.2.0024



Drs. Nunu Nurdian

License No. 98.1.0062

March 28, 2002

NOTICE TO READERS

The accompanying consolidated financial statements are intended to present the financial position, results of operations, changes in stockholders' equity and cash flows in accordance with accounting principles and practices generally accepted in Indonesia and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Rupiah)

	December 31,	
	2001	2000 (As Restated- see Note 3)
ASSETS		
CASH (Notes 2a and 4)	Rp 185,050,541,731	Rp 367,709,738,314
CURRENT ACCOUNTS WITH BANK INDONESIA (Notes 2a and 5)	529,617,310,848	529,391,027,895
CURRENT ACCOUNTS WITH OTHER BANKS (Notes 2a, 2c, 2j and 6)	75,816,205,944	114,230,572,489
Allowance for losses	(708,916,731)	-
Net	75,107,289,213	114,230,572,489
PLACEMENTS WITH OTHER BANKS (Notes 2d, 2j and 7)	766,059,748,948	2,128,876,062,935
Allowance for losses	(4,900,936,898)	(20,449,828,300)
Net	761,158,812,050	2,108,426,234,635
TRADING ACCOUNT SECURITIES HELD (Notes 2e, 2j, 8 and 29)		
Trading	6,077,260,413	663,939,391,242
Available - for - sale	-	17,727,143,280
Held - to - maturity	7,617,082,698,981	5,385,994,918,321
Total trading account securities held	7,623,159,959,394	6,067,661,452,843
Allowance for losses	(16,919,902,109)	(794,724,618)
Net	7,606,240,057,285	6,066,866,728,225
DERIVATIVES RECEIVABLE (Notes 2f, 2j and 9)	1,076,814,856	511,676,211
Allowance for losses	(10,768,160)	-
Net	1,066,046,696	511,676,211

(Forward)

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(In Rupiah)

	December 31,	
	2001	2000 (As Restated- see Note 3)
LOANS (Notes 2g, 2i, 2j, 2u, 10, 19 and 29)		
Third parties	Rp 2,193,464,478,521	Rp 1,497,102,089,405
Related parties	2,864,574,033	8,726,855,697
Unearned interest income	(245,621,480)	(275,879,071)
Allowance for losses	(160,038,706,536)	(500,839,794,356)
Net	2,036,044,724,538	1,004,713,271,675
PREMIUMS RECEIVABLE (Notes 2k and 11)	12,776,046,510	8,030,799,661
ACCEPTANCES RECEIVABLE (Notes 2h, 2j, 3 and 12)	42,555,696,826	16,203,308,741
Allowance for losses	(425,556,976)	(162,033,087)
Net	42,130,139,850	16,041,275,654
DEFERRED INCOME TAX ASSETS - Net (Notes 2z and 21)	164,167,115,520	168,333,760,364
INVESTMENTS IN SHARES OF STOCK (Notes 2b, 2g, 2j and 13)		
Equity Method	80,721,341,897	67,682,496,825
Cost Method		
Not in the framework of loan restructuring	10,257,755,104	16,885,579,692
In the framework of loan restructuring	2,407,551,348	-
Allowance for losses	(1,806,495,368)	(10,379,578,300)
Net	91,580,152,981	74,188,498,217
PREMISES AND EQUIPMENT (Notes 2i, 2m, 14, 29 and 40)		
Carrying value	753,400,726,013	837,114,630,365
Accumulated depreciation and amortization	(218,087,569,470)	(205,120,183,087)
Net Book Value	535,313,156,543	631,994,447,278

(Forward)

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(In Rupiah)

	December 31,	
	2001	2000 (As Restated- see Note 3)
OTHER ASSETS		
Other receivables (Note 15)	Rp 546,466,116,369	Rp 546,466,116,369
Accrued interest receivable (Note 15)	246,872,104,302	146,106,539,094
Real and chattel properties - net (Notes 2n and 15)	46,709,641,665	75,260,258,693
Prepaid expenses (Notes 2l and 15)	22,461,286,569	20,573,857,826
Others (Notes 2b, 2m, 2o, 2p, 2q and 15)	98,839,137,111	81,156,883,805
Total Other Assets	961,348,286,016	869,563,655,787
TOTAL ASSETS	Rp13,001,599,679,781	Rp11,960,001,686,405

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(In Rupiah)

	December 31,	
	2001	2000 (As Restated- see Note 3)
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
CURRENT LIABILITIES (Notes 15 and 16)	Rp 723,580,522,708	Rp 763,857,121,323
DEPOSITS		
Demand deposits (Notes 2i, 2r, 17 and 29)		
Third parties	2,084,991,803,377	1,561,092,386,136
Related parties	2,846,036,439	12,950,145,715
Total Demand Deposits	2,087,837,839,816	1,574,042,531,851
Savings (Notes 2i, 2r, 18 and 29)		
Third parties	1,655,959,232,390	1,464,753,946,060
Related parties	2,551,280,031	1,276,835,444
Total Savings	1,658,510,512,421	1,466,030,781,504
Time deposits (Notes 2i, 2r, 19 and 29)		
Third parties	6,768,123,735,664	5,657,446,912,034
Related parties	11,481,440,674	9,127,991,221
Total Time Deposits	6,779,605,176,338	5,666,574,903,255
Total Deposits	10,525,753,528,575	8,706,648,216,610
DEPOSITS FROM OTHER BANKS	17,766,835,087	17,737,652,000
DERIVATIVES PAYABLE (Notes 2f and 9)	174,880,576	284,597,583
ACCEPTANCES PAYABLE (Notes 2h, 3 and 20)	42,555,696,826	16,203,308,741
TAXES PAYABLE (Notes 2z and 21)	1,816,276,881	1,597,601,632
TRADING ACCOUNT SECURITIES ISSUED (Note 22)	267,888,281,982	297,990,646,888
FUND BORROWINGS (Note 23)	703,744,398,255	1,443,900,408,829

(Forward)

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(In Rupiah)

	December 31,	
	2001	2000 (As Restated- see Note 3)
ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (Notes 2j and 24)	Rp 17,235,124,410	Rp 53,336,819,035
OTHER LIABILITIES (Notes 2s, 2t, 2y, 25 and 36)	151,404,652,085	155,724,563,020
Total Liabilities	12,451,920,197,385	11,457,280,935,661
MINORITY INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES (Note 2b)	35,735,516,586	29,602,337,416
STOCKHOLDERS' EQUITY		
Capital stock - par value per share of Rp 500 for Class A shares and Rp 5 for Class B shares Authorized - 672,005,833 Class A shares and 92,799,416,700 Class B shares Issued and fully paid - 672,005,833 Class A shares and 66,528,577,467 Class B shares (Notes 1 and 26)	668,645,803,835	668,645,803,835
Additional paid in capital in excess of par value - net (Notes 1 and 26)	5,023,052,000,762	5,023,052,000,762
Difference arising from the change in equity transaction of a subsidiary company (Notes 2e and 8)	-	17,538,916,560
Difference in foreign currency translation (Notes 2b and 27)	(17,275,711,056)	140,484,752,869
Revaluation increment in premises and equipment (Notes 2m and 14)	43,574,050,734	43,574,050,734
Deficit	(5,204,052,178,465)	(5,420,177,111,432)
Stockholders' Equity - Net	513,943,965,810	473,118,413,328
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	Rp13,001,599,679,781	Rp11,960,001,686,405

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Rupiah)

	For The Years Ended December 31,	
	2001	2000 (As Restated- see Note 3)
INCOME AND EXPENSES FROM OPERATIONS		
Interest Income		
Interests (Notes 2u and 31)	Rp 1,216,751,265,007	Rp 581,516,980,793
Fees and commissions (Note 2v)	54,369,585,652	33,909,381,142
Total Interest Income	1,271,120,850,659	615,426,361,935
Interest Expense		
Interests (Notes 2u and 32)	1,189,948,291,149	869,052,628,055
Fees and commissions (Note 2v)	3,280,587,388	1,475,454,501
Total Interest Expense	1,193,228,878,537	870,528,082,556
Interest Income (Expense) - Net	77,891,972,122	(255,101,720,621)
Other Operating Income		
Fees (Notes 2w and 33)	106,856,794,591	83,715,974,817
Gain on exchange difference - net (Note 2y)	70,587,267,547	184,508,535,027
Premiums Earned (Note 2k)	30,242,416,362	27,399,235,268
Equity in net earnings of associated companies (Notes 2b and 13)	17,661,302,260	15,786,093,412
Gain on sale of trading account securities held - net (Note 2e)	8,837,423,761	893,168,066
Dividend income (cost method) (Notes 2b and 13)	83,423,527	65,573,682
Gain (loss) on valuation of trading account securities held for trading - net (Note 2e)	(1,772,448,382)	986,451,509
Others	25,177,386,092	17,787,354,547
Total Other Operating Income	257,673,565,758	331,142,386,328
Provision (reversal of allowance) for Losses on Earning Assets (Note 2j)	(121,990,591,445)	565,125,423,994
Provision (reversal of allowance) for Losses on Commitments and Contingencies (Notes 2j and 24)	(46,239,949,963)	9,985,009,460
Other Operating Expenses		
General and administrative (Notes 2m, 2o and 34)	237,013,088,666	224,139,334,706
Salaries and employees' benefits (Notes 2x, 35 and 36)	188,617,166,725	174,306,518,021
Others	46,591,131,207	44,977,074,951
Total Other Operating Expenses	472,221,386,598	443,422,927,678

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Continued)
(In Rupiah)

	For The Years Ended December 31,	
	2001	2000 (As Restated- see Note 3)
INCOME (LOSS) FROM OPERATIONS (Notes 2aa and 30)	Rp 31,574,692,690	(Rp 942,492,695,425)
NON-OPERATING INCOME (EXPENSES) - Net (Notes 2b, 2m, 2n, 13, 14 and 37)	199,674,120,869	(171,732,973,517)
INCOME (LOSS) BEFORE TAX EXPENSE (BENEFIT)	231,248,813,559	(1,114,225,668,942)
TAX EXPENSE (BENEFIT) (Notes 2z and 21)		
Current year	3,686,201,200	3,032,087,300
Deferred	4,166,644,844	(43,205,650,074)
TOTAL TAX EXPENSE (BENEFIT)	(7,852,846,044)	40,173,562,774
INCOME (LOSS) BEFORE MINORITY INTERESTS IN NET EARNINGS OF CONSOLIDATED SUBSIDIARIES	223,395,967,515	(1,074,052,106,168)
MINORITY INTERESTS IN NET EARNINGS OF CONSOLIDATED SUBSIDIARIES (Note 2b)	(7,271,034,548)	(6,310,627,594)
NET INCOME (LOSS)	Rp 216,124,932,967	(Rp 1,080,362,733,762)
NET INCOME (LOSS) PER SHARE (Note 2bb)	Rp 3	(Rp 60)

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in Rupiah)

For The Years Ended December 31, 2001 And 2000

	Capital Stock Issued and Fully Paid	Additional Paid in Capital in Excess of Par Value - Net	Difference Arising from the Change in Equity Transactions of a Subsidiary Company	Difference in Foreign Currency Translation	Revaluation Increment in Premises and Equipment	Stockholders' Equity - Net
Balance, January 1, 2000	Rp 338,002,916,500	Rp 4,517,075,500	Rp -	Rp 140,010,219,421	Rp 145,575,327,401	(Rp3,713,708,838,848)
Limited Public Offering (Rights Issue) III (Notes 1 and 26)	332,642,887,335	5,018,534,925,282	-	-	-	5,351,177,812,597
Difference arising from the change in equity transactions of a subsidiary company (Notes 2e and 6)	-	-	17,538,916,560	-	-	17,538,916,560
Adjustment in difference in foreign currency translation (Notes 2b and 27)	-	-	-	474,533,448	-	474,533,448
Impairment in value of premises and equipment (Notes 2m and 14)	-	-	-	-	(102,001,276,667)	(102,001,276,667)
Net loss for the year	-	-	-	-	-	(1,080,362,733,762)
Balance, December 31, 2000	668,645,803,835	5,023,052,000,762	17,538,916,560	140,484,752,869	43,574,050,734	473,118,413,328
Difference arising from the change in equity transactions of a subsidiary company (Notes 2e and 6)	-	-	(17,538,916,560)	-	-	(17,538,916,560)
Adjustment in difference in foreign currency translation (Notes 2b and 27)	-	-	-	(157,760,463,925)	-	(157,760,463,925)
Net income for the year	-	-	-	-	216,124,932,967	216,124,932,967
Balance, December 31, 2001	Rp 668,645,803,835	Rp 5,023,052,000,762	Rp -	(Rp 17,275,711,056)	Rp 43,574,050,734	Rp 513,943,965,810

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Rupiah)

	For The Years Ended December 31,	
	2001	2000 (As Restated- see Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES		
Interests, fees and commissions received	Rp 1,272,413,839,962	Rp 600,573,076,334
Non-operating income - net	78,822,258,595	15,492,257,965
Gain on foreign exchange - net	85,008,531,331	259,358,535,027
Other operating income	32,346,645,761	14,839,213,806
Premiums earned	30,242,416,362	27,399,235,268
Interests, fees and commissions paid	(1,197,338,978,131)	(894,203,199,680)
Other operating expenses	(430,334,319,406)	(387,617,526,029)
Minority interest in net earnings of Subsidiaries	(7,271,034,548)	(6,310,627,594)
Loss before changes in operating assets and liabilities	(136,110,640,074)	(370,469,034,903)
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Placements with other banks	1,314,750,379,575	(183,095,939,737)
Trading account securities held - trading	640,033,389,054	(496,199,104,145)
Loans	(975,451,410,868)	(340,535,621,506)
Premium receivables	(4,745,246,849)	2,047,452,623
Other assets	30,994,436,905	71,297,968,574
Increase (decrease) in operating liabilities:		
Other current liabilities	(40,276,598,615)	(13,838,674,249)
Deposits from banks and non banks		
Demand	539,426,318,261	(22,009,298,927)
Savings	192,479,730,917	(69,383,891,437)
Call deposits	-	(7,175,000,000)
Time	1,147,482,679,082	1,530,804,121,421
Other liabilities	4,769,544,129	(17,316,224,546)
Difference in foreign currency translation	(12,130,857,832)	90,285,769,941
Net cash provided by operating activities before payments for income taxes	2,701,221,723,685	174,412,523,109
Income taxes paid	(3,467,525,951)	(2,149,839,660)
Net Cash Provided by Operating Activities	2,697,754,197,734	172,262,683,449

(Forward)

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In Rupiah)

	For The Years Ended December 31,	
	2001	2000 (As Restated- see Note 3)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of disposed consolidated Subsidiary - net of cash acquired	Rp 20,875,092,672	Rp -
Proceeds from sale of premises and equipment and unused premises and equipment	6,663,564,188	-
Increase (decrease) in minority interest in equity of consolidated Subsidiaries	6,133,179,170	5,208,127,589
Proceeds from sale of investment in shares of stock of an associated company	6,000,000,000	-
Cash dividends received from investments in shares of stock	1,088,423,527	65,573,682
Increase in trading account securities held - available for sale and held to maturity	(2,213,380,637,380)	(5,185,681,499,292)
Acquisitions of premises and equipment	(17,431,386,351)	(20,337,923,616)
Decrease in investments in shares of stock	-	1,131,130,737
Proceeds from sale of premises and equipment	-	614,876,703
Increase in investments in shares of stock	-	(27,720,000)
Net Cash Used in Investing Activities	(2,190,031,764,174)	(5,199,027,434,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in fund borrowings	(698,467,348,829)	81,071,790,465
Decrease in trading account securities issued	(30,102,364,906)	(231,133,716,727)
Proceeds from issuance of capital stock	-	5,351,727,327,597
Net Cash Provided by (Used in) Financing Activities	(728,569,713,735)	5,201,665,401,335
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(220,847,280,175)	174,900,650,587
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,011,331,338,698	836,430,688,111
CASH AND CASH EQUIVALENTS AT END OF YEAR	Rp 790,484,058,523	Rp 1,011,331,338,698

(Forward)

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

PT BANK BALI Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In Rupiah)

	For The Years Ended December 31,	
	2001	2000 (As Restated- see Note 3)
Cash and cash equivalents consist of:		
Cash	Rp 185,050,541,731	Rp 367,709,738,314
Current accounts with Bank Indonesia	529,617,310,848	529,391,027,895
Current accounts with other banks	75,816,205,944	114,230,572,489
Total	<u>Rp 790,484,058,523</u>	<u>Rp 1,011,331,338,698</u>

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

1. GENERAL

a. The Establishment of the Bank and General Information

PT Bank Bali Tbk (the Bank) was established in Indonesia on December 17, 1954 based on the Notarial Deed No. 228 of Eliza Pondaag, S.H., replacing Raden Mas Soerojo, S.H. The deed of establishment was approved by the Ministry of Justice in its Decision Letter No. J.A.5/2/2 dated January 4, 1955 and was published in the State Gazette No. 22 dated March 18, 1955, Supplement No. 292. Its Articles of Association has been amended several times, most recently by the Notarial Deed No. 17 dated February 12, 2001 of Mr. Suprpta, S.H., replacing Mr. A. Partomuan, S.H., LL.M. concerning the change of all Class A shares which are still in the portfolio, with original Rp 500 par value per share, to Class B shares with Rp 5 par value per share. This amendment was approved by the Ministry of Justice and Human Rights in its decision letter No : C-00193 HT.01.04.TH.2001 dated April 19, 2001.

The Bank's head office is located in Jakarta with address at Jalan Jenderal Sudirman Kavling 27. As of December 31, 2001, the Bank has 243 domestic branches and sub-branches. In addition, the Bank's network also includes 2 overseas branches located in Los Angeles, U.S.A. and Cayman Islands. Overseas representative offices located in Singapore and Shanghai were closed in May 2001 and September 2001, respectively.

The Bank started its commercial operations on January 5, 1955.

According to Article 3 of the Bank's Articles of Association, the scope of activities of the Bank is to engage in general banking. Aside from the normal banking activities, the Bank also performs custodianship, trusteeship and management of pension funds.

b. The Bank's Public Offerings

On January 15, 1990, based on the license from the Ministry of Finance No. SI-070/SHM/MK.10/1989 dated December 2, 1989, the Bank's 3,999,000 shares with a total par value of Rp 3,999,000,000 had been offered to the public through the Initial Public Offering and had been listed at the Jakarta and Surabaya Stock Exchanges.

At the Stockholders' Extraordinary General Meeting held on July 5, 1990, the Bank had offered to the existing stockholders additional new shares through the Limited Public Offering (Rights Issue) I of 15,508,000 shares with Rp 1,000 par value per share. Under this Rights Issue, each existing stockholder had been given the right to buy one (1) additional new share at a price of Rp 8,000 per share for every three (3) old shares owned. Based on the Letter of Approval of the Capital Market Supervisory Agency (BAPEPAM) No. S-1424/PM/1990 dated September 8, 1990, these additional shares had been listed at the Jakarta Stock Exchange. Such shares had also been listed at the Surabaya Stock Exchange based on its letter No. 461/D-70/BES/IX/90 dated September 24, 1990.

Based on the Letter of Approval No. S-1739/PM/1990 dated November 5, 1990 of the Chairman of BAPEPAM, the Bank had listed additional 42,525,000 founders' shares at the Jakarta and Surabaya Stock Exchanges.

At the Stockholders' Extraordinary General Meeting held on June 18, 1992, the Bank declared bonus shares totaling 124,064,000 shares with Rp 1,000 par value per share. Under this bonus shares issuance, each existing stockholder was given the right to have two (2) additional new

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

shares for every one (1) old share owned. The bonus shares were paid out of the capital paid in excess of par value which has been capitalized to capital stock. The bonus shares were listed at the Jakarta Stock Exchange based on its Letter No. S-488/BEJ.I.1/VIII/1992 dated August 27, 1992. The shares were also listed at the Surabaya Stock Exchange based on its Letter No. 11/EMT/LIST/BES/IX/92 dated September 3, 1992.

At the Stockholders' Extraordinary General Meeting held on June 27, 1995, the stockholders agreed to offer, through the Limited Public Offering (Rights Issue) II, 65,133,600 shares with Rp 1,000 par value per share to existing stockholders. Under this Rights Issue, each existing stockholder had been given the right to buy seven (7) additional new shares at a price of Rp 2,000 per share for every twenty (20) old shares owned and will receive four (4) warrants, or a total of 37,219,200 warrants for all stockholders. Each one (1) warrant can be converted into one (1) new share with Rp 1,000 par value per share at a price of Rp 2,900. This exercise price of the warrant and the number of warrants outstanding was changed to Rp 1,450 and 71,629,940 warrants, respectively, as a result of the stock split in 1997 and then to Rp 1,090 and 95,267,798 warrants, respectively, as a result of the issuance of the bonus shares in 1998. These shares had been listed at the Jakarta Stock Exchange based on its Letter No. S-193/BEJ.I.2/VII/1995 dated July 14, 1995. Such shares had also been listed at the Surabaya Stock Exchange based on its Letter No. 38/EMT/LIST/BES/VII/95 dated July 14, 1995. Warrants exercised up to August 29, 2000, which was the last date of warrants conversion, totaled 2,808,460 shares. The shares from the warrants conversion had been listed at the Jakarta Stock Exchange and Surabaya Stock Exchange. Warrants not exercised up to August 29, 2000 and already expired totaled 95,267,798 warrants.

At the Stockholders' Extraordinary General Meeting held on June 18, 1997, the stockholders approved the change in the par value of the Bank's shares from Rp 1,000 per share to Rp 500 per share.

At the Stockholders' Extraordinary General Meeting held on June 27, 1998, the Bank declared bonus shares totaling 166,738,173 shares with Rp 500 par value per share. Under this bonus shares issuance, each existing stockholder was given the right to have thirty-three (33) additional new shares for every one hundred (100) old shares owned. The bonus shares arose from the capital paid in excess of par value which has been capitalized to capital stock. The bonus shares were listed at the Jakarta Stock Exchange based on its Letter No. Peng-14/BEJ-1.1/SB/0798 dated July 20, 1998 and No. Peng-15/BEJ-1.1/SB/0798 dated July 31, 1998. These bonus shares were also listed at the Surabaya Stock Exchange based on its Letter No. Peng-007/PDG/CB/BES/VIII/98 dated August 3, 1998.

At the Stockholders' Extraordinary General Meeting held on August 28, 2000, the stockholders agreed to offer, through the Limited Public Offering (Rights Issue) III, 66,528,577,467 class B shares, which have the same rights and equal in every aspect with the class A shares, with Rp 5 par value per share, to existing stockholders. Under this Rights Issue, each existing stockholder had been given the right to buy ninety-nine (99) additional new shares at a price of Rp 80.51 per share for every one (1) old share owned (see Note 26). These shares had been listed at the Jakarta Stock Exchange based on its Letter No. S-2686/BEJ.EEM/09-2000 dated September 18, 2000. Such shares had also been listed at the Surabaya Stock Exchange based on its Letter No. JKT-01/MKT-LIST/BES/IX/2000 dated September 12, 2000.

As of December 31, 2001, all of the Bank's shares totaling 672,005,833 class A shares and 66,528,577,467 class B shares have been listed at the Indonesian Stock Exchanges and consist of:

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

3,999,000 shares from the Initial Public Offering.
 15,508,000 shares from the Limited Public Offering (Rights Issue) I.
 42,525,000 founders' shares.
 124,084,000 bonus shares from capital paid in excess of par value in 1992.
 65,133,800 shares from the Rights Issue II and warrants.
 1,374,230 shares from warrants conversion before stock split.
 252,603,830 shares from stock split.
 186,738,173 bonus shares from capital paid in excess of par value in 1998.
 60,000 shares from warrants conversion from January 1, 1998 up to December 31, 1998

672,005,833 Class A Shares

66,528,577,467 Class B Shares from Rights Issue III

c. The Bank's Subsidiaries

The details of the directly-owned Subsidiaries of the Bank are as follows:

Name of Companies	Year of start of Commercial Operations	Type of Business	Domicile	Percentage of Ownership		Total Assets	
				2001	2000	2001	2000
Bali International Finance Ltd.	1981	Deposit Taking	Hong Kong	- %	99.94 %	Rp -	Rp 100,844,858,184
PT Bali Securities	1991	Securities	Jakarta	99.00	95.00	25,441,804,719	23,181,286,576
PT Bali Tunas Finance	1991	Consumer Finance and Leasing	Jakarta	80.00	80.00	455,128,485	455,128,485
PT Asuransi Bancobal Nipon Fire	1976	General Insurance	Jakarta	51.00	51.00	112,731,696,319	98,808,540,599
Bank Perkreditan Rakyat (17 banks)	1993 and 1994	Banking	Located in several places in Indonesia	51.00 to 88.00	51.00 to 68.00	62,876,715,041	29,554,187,284

At the Extraordinary General Meeting of the Stockholders of PT Bali Tunas Finance (BTF) (the Subsidiary) held on October 21, 1998 as covered by the Notarial Deed No. 35 dated November 5, 1998 of Rachmat Santoso, S.H., the stockholders approved to liquidate this subsidiary effective October 31, 1998.

Based on the Letter of the Bank No. DIR/2001003/LN/UM dated March 12, 2001 to Hong Kong Monetary Authority, the Bank decided to voluntarily revoke the Deposit Taking Company (DTC) license of Bali International Finance, Ltd. Based on the Letter from Hong Kong Monetary Authority No. CB/DTC/408 dated April 3, 2001, the revocation of DTC license became effective on April 4, 2001.

Based on the Sale and Purchase Agreement dated September 25, 2001, and Letter from Sun Hung Kai Securities Limited (SHKSL) dated December 11, 2001, the Bank and SHKSL agreed to sell all the Bank's shares in Bali International Finance Ltd. (BIF) to SHKSL at a purchase price of HKD 29,772,432.

d. Members of the Boards of Commissioners, Directors, and Employees

Based on the Stockholders' Extraordinary General Meeting held on November 23, 2000, the members of the Boards of Commissioners and Directors are as follows:

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

Board of Commissioners

President Commissioner	:	I Nyoman Suwandha
Commissioner	:	Chandra Purnama
Commissioner	:	Emri
Commissioner	:	Kemas Mohammad Arief

Directors

President Director	:	Dradjat Bagus Prasetyo
Director	:	Hendry Khendy
Director	:	Nandi Hendrian Hamaki
Director	:	Sjahfiri Gaffar
Director	:	Thomas Tan Tjio Tong
Director	:	Andrew Hardi Hanubrata
Director	:	Joseph Georgino Godong

The members of the Boards of Commissioners and Directors were approved by Bank Indonesia in its Approval Letter No. 2/158/DGS/DPIP/Rahasia dated December 21, 2000 and by the Indonesian Bank Restructuring Agency (IBRA) in the Decision Letter of the Chairman of IBRA No. SK-47/BPPN/0101 dated January 10, 2001 which became valid retroactively since December 21, 2000. With the issuance of this decision, the Decision Letter of the Chairman of IBRA No. SK-328/BPPN/0799 that was last amended by SK-2159/BPPN/1100, regarding the formation of a Management Team and the Decision Letter of the Chairman of IBRA No. SK-329/BPPN/0799 that was last amended by No. SK-2160/BPPN/1100, regarding the formation of a Supervision Team were no longer valid.

Effective August 1, 2001, Nandi Hendrian Hamaki has resigned as a Director of the Bank.

As of December 31, 2001, the Bank has 4,460 permanent employees (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidated Financial Statements

The consolidated financial statements have been prepared based on the historical cost concept, except for certain trading account securities held, which are stated at fair value, certain investments in shares of stock, which are accounted for under the equity method; certain premises and equipment, which have been revalued; assets from one Subsidiary company which are stated at net realizable value (see Note 2b); derivatives receivable/payable which are stated at fair value and, real and chattel properties which are stated at net realizable value.

The consolidated financial statements have been prepared on the accrual basis, except for the interest income on non-performing earning assets which are recorded on a cash basis and the consolidated statements of cash flows. The consolidated statements of cash flows present receipts and payments of cash and cash equivalents classified into operating, investing and financing activities. In the consolidated statements of cash flows, cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks.

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

The financial statements of the Bank and Subsidiaries engaged in banking have been prepared in conformity with generally accepted accounting principles in Indonesia and principally in accordance with the Revised Statement of Financial Accounting Standards (PSAK) No. 31 regarding "Accounting for the Banking Industry" issued by the Indonesian Institute of Accountants and the Accounting Guidelines for Indonesian Banking (PAPI) issued by the Indonesian Institute of Accountants together with Bank Indonesia and where applicable, prevailing banking industries practices and accounting and reporting guidelines prescribed by Bank Indonesia.

The financial statements of the Subsidiaries engaged in general insurance have been prepared in conformity with generally accepted accounting principles in Indonesia and principally in accordance with PSAK No. 28 Revised 1998 regarding "Accounting for General Insurance".

The reporting currency used in the consolidated financial statements is Indonesian Rupiah.

b. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its majority-owned Subsidiaries as mentioned in Note 1c.

In consolidating the accounts of the Bank's foreign branches and Subsidiaries into the Bank's financial statements, assets and liabilities denominated in foreign currencies are translated into Rupiah by using the prevailing rate of exchange at balance sheet date as published by Bank Indonesia. The statements of income for the year are derived from the accumulation of monthly income statement balances which are translated into Rupiah by using the average exchange rate for the month. The resulting net difference in foreign currency translation is presented as "Difference in Foreign Currency Translation" under the Stockholders' Equity section in the consolidated balance sheets.

All significant consolidated intercompany accounts and transactions have been eliminated.

The proportionate share of minority stockholders in the equity of the subsidiaries is reflected in Minority Interest in Net assets of Consolidated Subsidiaries in the Consolidated balance sheet.

Investments in which the Bank and Subsidiaries have an ownership interest of at least 20% but not exceeding 50% are accounted for under the equity method whereby the cost of investment is increased or decreased by the Bank's share in the net earnings (losses) of the associated companies since the date of acquisition and reduced by cash dividends received. Equity in net earnings (losses) is being adjusted for the straight-line amortization, over a five (5) year period, of the excess of cost of such investments over the Bank's proportionate share in the equity in net assets of the subsidiary at the date of acquisition (see Note 2q).

Investments in which the Bank or the Subsidiaries have ownership interest of less than 20% and temporary investment from loan restructuring are accounted for under the cost method.

The accounts of PT Bali Tunas Finance (BTF), a Subsidiary, which are included in the consolidated financial statements have been stated at their net realizable value. As of December 31, 2001, BTF has a net asset value of Rp 389,324,984. Up to the date of the auditors' report, the liquidation process of BTF has not yet been completed (see also Note 1c).

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

c. Current Accounts with other Banks

Current accounts with other banks are stated at their outstanding balances reduced by allowance for losses.

d. Placements with Other Banks

Placements with other banks are stated at their outstanding balances reduced by allowance for losses.

e. Trading Account Securities Held

Trading account securities held consist of commercial papers and Certificates of Bank Indonesia traded in the money market, exchange offer, floating rate notes, bills, bonds (including government bonds) and shares of stock listed at the stock exchanges.

In accordance with PSAK No. 50, "Accounting for Certain Investments in Debt and Equity Securities", securities are classified as follows:

1. Trading securities stated at fair value. The unrealized gains or losses arising from the increase or decrease in the fair value are credited or charged to current operations.
2. Available-for-sale securities stated at fair value. The unrealized gains or losses arising from the increase or decrease in the fair value are presented as part of stockholders' equity. Those unrealized gains or losses are credited or charged to current operations when realized.
3. Held-to-maturity securities stated at cost, adjusted for the amortization of discounts or premium based on the straight-line method.

Certificates of Bank Indonesia and commercial paper are presented at nominal amount, net of unamortized interests. Bonds (including government bonds), exchange offer, floating rate notes which are held-to-maturity are stated at cost, adjusted for the amortization of discount or premium. The cost has been adjusted for the permanent decline in the value of securities. Securities available-for-sale are stated at fair value. The unrealized gain or loss arising from the increase or decrease in fair value is recognized in the stockholders' equity. Bonds for trading purposes are stated at fair value. The unrealized gain or loss arising from the increase or decrease in fair value is recognized in the statement of income.

Bills consist of export and import bills receivable from customers arising from advance payments made by the Bank to its customers in connection with the export and import transactions of the customers. Bills are stated at their outstanding balance.

The cost of securities sold is computed using the book value when those securities are sold. The allowance for decline in market value and losses are shown as reduction from trading account securities held.

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

f. PSAK No. 55, "Accounting for Derivative Instruments and Hedging Activities"

Prior to January 1, 2001, forward and swap contracts are recognized as commitments in the Statements of Commitments and Contingencies at their contracted value or notional amount translated at the rates of exchange prevailing at balance sheet date. Net gain or loss from revaluation of derivative instruments is accrued in the balance sheet (included in other assets or liabilities at net amount) and reported in earnings during the year. In determining the net revaluation gain or loss, forward contracts are revalued based on the new forward rate as of balance sheet date for the remaining term. Premiums or discounts incurred in entering into forward and swap transactions of the Bank and Subsidiaries engaged in banking activities for funding purposes are amortized over the periods covered by the contracts. The respective amortization is credited or charged to interest expense. Premiums or discounts incurred in entering into forward and swap transactions of the Bank and Subsidiaries engaged in banking activities for trading purposes and the related gains or losses thereon are credited or charged to operations at the end of the contract period.

Effective January 1, 2001, the Bank adopted PSAK No. 55, "Accounting for Derivative Instruments and Hedging Activities". Derivative instruments consisting of forward and swap foreign currency transactions are recognized in the balance sheet as either asset or liability based on the fair value of each contract. Gain or loss on change in fair value of derivative instruments is recognized in earnings during the year.

As of January 1, 2001, there is no transition adjustments as a result of adopting PSAK No. 55, since the impact is not material to the financial statements.

Derivatives presented as part of Derivatives receivable and payable account in the consolidated balance sheet. Derivatives receivable are presented at their outstanding balances reduced by allowance for losses.

g. Loans

Loans are stated at their outstanding balances reduced by allowance for losses. Restructured loans are presented at their new book value. Loss arising from the excess of new book value over the outstanding loan balance before restructuring is presented as a reduction from the allowance for loan losses. Restructured loans include interests and other charges converted into principal amount. The converted interest is recognized as unearned interest income and presented as a reduction from restructured loan.

The shares received on restructured loans of debtors through conversion of the loans into temporary investment in such debtors are recognized at fair value and accounted for under the cost method.

Joint financing loans (syndicated loans), "Kredit Kelolaan" and channeling loans are presented at the principal amount of the Bank's portion.

h. Acceptances Receivable and Payable

Acceptances receivable and payable are presented at the outstanding balance of letters of credit (L/C) or the realizable value of L/C accepted by the accepting bank. Acceptances receivable are reduced by allowance for losses.

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

i. Transactions with Related Parties

The Bank and Subsidiaries have transactions with certain parties which are regarded as having special relationships as defined in PSAK No. 7 regarding "Related Party Disclosures".

Related party transactions whether or not conducted at the normal price and conditions as those with third parties, are reflected in the loans, premises and equipment, demand deposits, savings deposits and time deposits accounts in the consolidated balance sheets. The nature and extent of these related party transactions are disclosed under the respective accounts in the notes to consolidated financial statements. Transactions of the Bank with state-owned/controlled entities and entities related to IBRA due to the bank and corporate restructuring, are not disclosed as transactions with related parties.

j. Allowance for Losses on Earning Assets and Estimated Losses on Commitments and Contingencies

The Bank provides allowance for losses on earning assets and estimated losses on commitments and contingencies based on the management review and evaluation of the collectibility and realizability of these assets, and commitments and contingencies bearing credit risk at the end of the year. In connection with this, the requirements of Bank Indonesia (BI) regarding the Allowance for Losses on Earning Assets and commitments and contingencies bearing credit risk are used as a reference. The required allowance for losses on earning assets based on Bank Indonesia regulation, is as follows:

1. General reserve at a minimum of 1.00% of earning assets classified as pass (earning assets consist of current accounts with other banks, placements with other banks, trading account securities held, derivatives receivable, loans, acceptances receivable, investments in shares of stock and commitments and contingencies).
2. Special reserves for earning assets:

<u>Classification</u>	<u>Rates</u>
Special mention	5%
Substandard	15
Doubtful	50
Loss	100

Special reserves for earning assets classified as substandard, doubtful and loss represent the outstanding balance after reduction by the respective collateral.

Earning assets are written off against the respective allowance for losses when the Bank management believes that these are determined to be definitely uncollectible or not realizable. The recovery of earning assets previously written off is recorded as an addition to the related allowance for losses during the year.

k. Premiums Receivable

Premiums receivable of a Subsidiary are stated at their outstanding balances reduced by allowance for losses. Premiums are recognized as earned after the deduction of outward reinsurance and increase in unearned premiums.

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

l. Prepaid Expenses

Prepaid expenses are charged to operations over the periods benefited.

m. Premises and Equipment

Premises and equipment are stated at cost except for certain premises and equipment which were revalued in accordance with government regulation, less accumulated depreciation.

Landrights are stated at cost and not amortized. Specific costs associated with the acquisition or renewal of legal titles on the landrights are deferred and amortized using the straight line method over the legal term of the landrights or economic life of the land, whichever is shorter. These deferred costs are presented under "Other Assets" in the consolidated balance sheets.

Buildings are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 40 years. Except for landrights which are not amortized, other premises and equipment are depreciated over their estimated useful lives ranging from 4 to 8 years using the double-declining balance method for the Bank and certain Subsidiaries, and straight-line method for the other Subsidiaries.

The cost of repairs and maintenance is charged to operations as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as non-operating income or expense for the year.

Buildings under construction are stated at cost. The accumulated costs will be transferred to the buildings account when construction is completed and the buildings are ready for their intended use.

In 2000, the Bank has applied PSAK No. 48 regarding "Impairment in Asset Values" which requires that the recoverable amount of an asset should be estimated whenever events or changes in circumstances indicate that its carrying amount may not be fully recoverable. The impairment of asset value is compensated with the "Revaluation Increment in Premises and Equipment" and the balance is recorded in the statement of income for the year.

n. Real and Chattel Properties

In 2000, Real and chattel properties acquired in settlement of loans are recorded at the lower of the market value or agreed price after reduction by allowance for decline in value of real and chattel properties. Real and chattel properties included under "Other Assets" in the consolidated balance sheets. Any excess of the loan balance over the lower of the market value or agreed price, which is not recoverable from the borrower, is written off against the allowance for losses. Holding costs incurred subsequent to the foreclosure or acquisition of the properties are charged to operations as incurred. The resulting gains or losses from the disposal of the real and chattel properties are reflected in income or expense for the year.

Based on the PSAK No. 31 (Revised 2000), real and chattel properties acquired in settlement of loans is recognized at its net realizable value. Net realizable value is the fair value of the collateral after deducting the estimated cost of disposal. The difference between the value of the collateral and proceeds from the sale thereof is recognized as gain or loss at the time of sale.

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

o. Deferred Charges

Expenses incurred in connection with the opening of new branches including its computer systems and development of new products were deferred and are being amortized using the straight-line method over 4 years. This account is included under "Other Assets".

p. Projects in Progress

Costs incurred by the Bank in connection with the installation of hardware and software computer systems and development of new products are recorded as "Projects in Progress" under "Other Assets". Upon completion of the projects, these costs will be transferred to the appropriate premises and equipment, and deferred charges accounts. In 2001, projects in progress already transferred to the appropriate premises and equipment or charged to current year if the projects do not have benefit anymore in the future.

q. Excess of Cost of Investment over the Equity in Net Assets of a Subsidiary

The amount paid by the Bank in excess of the equity in net assets of Bali International Finance Ltd., Hong Kong in September 1995 has been fully amortized using the straight-line method after 5 years (see Note 2b). This account is included under "Other Assets".

r. Deposits

Demand deposits represent customers' funds which can be used as payment instruments, and can be withdrawn by the depositors at any time through check writing and others. These are stated at the Bank's liability to the account holders.

Savings deposits represent customers' funds, which can be withdrawn by the depositors under certain conditions. These are stated at the Bank's liability to the account holders.

Time deposits represent customers' funds, which can be withdrawn by the depositors at specific maturities. These are stated at nominal value based on the agreement with the depositors.

s. Estimated Claims for Self-Retention

A Subsidiary provides for estimated liability on claims already reported by customers but not yet settled and for estimated claims already incurred but not yet reported. This account is presented under "Other Liabilities".

t. Unearned Premiums

The unearned premiums of a Subsidiary is computed based on the aggregate percentage method of net premiums at the rate of 40%. The minimum unearned premium requirement is provided based on the Decision Letter No. 481/KMK.017/1999 of the Ministry of Finance dated October 7, 1999. This account is presented under "Other Liabilities".

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

u. Interest Income and Expenses

The Bank and Subsidiaries engaged in banking activities recognize interest income and expense on accrual basis. Interest income on non-performing earning assets is not recognized in the accounts except to the extent of cash collections received. Any outstanding accrued interest on loans determined to be non-performing is reversed against interest income and are recognized as contingencies receivable. The amount collected from loan classified as doubtful or loss is first applied as a reduction from the principal. Any excess of amount collected over the principal is recognized as interest income.

Unearned interest income from restructured loans is recognized as income proportionately when the collection of the principal is received.

v. Fees and Commissions

Significant fees and commissions of the Bank and Subsidiaries engaged in banking activities, which are directly related to the granting of loans or for specified periods, are deferred and amortized using the straight-line method over the related periods of the loans. The balance of fees and commissions relating to loans settled prior to maturity are recognized as income or expense upon settlement. Fees and commissions which are not directly related to specified period are recognized upon execution of the transactions.

w. Fees

Significant fees of the Bank and Subsidiaries engaged in banking activities, which are not directly related to the granting of loans but related to a specified periods, are deferred and amortized using the straight-line method over the related periods, such as safety deposit box fees, management fees, and custodian fees. Fees which are not directly related to the granting of loans or for specified periods are recognized upon execution of the transactions, such as commissions for export/import L/C transactions and commissions for bank guarantee.

x. Retirement Benefits

The Bank has a defined contribution retirement plan administered by Dana Pensiun Bank Bali covering its qualified permanent employees who chose to join the retirement plan. Contributions are funded and consist of the Bank's and employees' contributions at 5% and 2.5%, respectively, of the employees' net salaries.

y. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At December 31, 2001, assets and liabilities denominated in foreign currencies, as well as all foreign exchange contracts, are adjusted to Rupiah based on the spot rate at 16.00 p.m. of West Indonesian Time (Rp 10,400 to US\$ 1.00, Rp 5,623.91 to SGD 1.00, Rp 79.20 to JPY 1.00, Rp 9,201.93 to EUR 1.00 and Rp 5,313.89 to AUD 1.00), while as of December 31, 2000, using the middle rates of exchange as published by Bank Indonesia (Rp 9,595.00 to US\$ 1.00, Rp 5,539.05 to SGD 1.00, Rp 83.57 to JPY 1.00, Rp 8,911.85 to EUR 1.00 and Rp 5,318.53 to AUD 1.00). The resulting gains or losses including those arising from foreign exchange trading transactions which relate directly to customers and correspondent banks, are credited or charged to current operations.

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

Spot foreign exchange transactions in process of settlement are recognized as off-balance sheet accounts. Gains or losses arising from the difference between the rates of exchange prevailing at the transaction date and the rates of exchange prevailing at balance sheet date are accrued and recorded in income statement for the year.

z. Tax Expense (Benefit)

Tax expense (benefit) of the Bank and Subsidiaries (except for Bali International Finance Ltd., Hong Kong) is determined on the basis of estimated taxable income for the year.

Deferred income tax is provided to reflect the tax effects of temporary differences between financial and tax reporting, mainly relating to tax loss carryforward, provision for earning assets, rent expenses, amortization of deferred charges and depreciation of premises and equipment.

aa. Segment Information

The segment information is reported based on the activities of the Bank and Subsidiaries. The Bank and Subsidiaries classify their business into segments as follows:

- Banking
- Deposit taking
- Others (consist of Insurance and Securities)

bb. Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing net (income) loss by the weighted average number of outstanding shares during the year. Diluted earnings (loss) per share is the same as basic net income (loss) per share.

Weighted average number of outstanding shares totaled 67,200,583,300 in 2001 and 18,119,480,556 in 2000.

3. SIGNIFICANT ACCOUNTING CHANGES AND RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

Effective January 1, 2001, the Bank has applied the following significant accounting changes, financial reporting and disclosure requirements in accordance with the revised PSAK No. 31 and the Accounting Guidelines for Indonesian Banking (PAPI):

- Acceptances receivable and payable are recorded in the consolidated balance sheets at their outstanding balances. The allowance for losses on acceptances receivable is presented as an offsetting account against the asset account. In previous years, acceptances receivable and payable were reported as off-balance sheet accounts. The December 31, 2000 balances have been adjusted for comparative presentation which resulted to an increase in Total Assets and Liabilities from those previously reported in prior year by Rp 16,203,308,741.

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

- The amounts collected from the loans classified as doubtful or loss, are first applied as a reduction from the principal. Any excess of the amounts collected over the principal is recognized as interest income. In previous years, payments collected from those accounts were recognized as deduction from overdue expenses (if any), overdue interest and principal. Prior year's balances were not adjusted for comparative presentation for the change in accounting method on collections from loans classified as doubtful or loss since the Bank management has determined that the effect on net income is not material considering that loans classified as doubtful or loss are adequately provided for with allowance for losses in accordance with the existing regulations.
- Commitments and contingencies as of balance sheet date are disclosed in the notes to consolidated financial statements. Previously, commitments and contingencies as of December 31, 2000 are reflected in the Consolidated Statements of Commitments and Contingencies.

4. CASH

This account consists of the following:

	2001	2000
<u>Rupiah</u>	Rp 138,197,594,459	Rp 300,640,384,115
<u>Foreign Currencies</u>		
United States Dollar	34,404,338,698	50,907,222,414
Japanese Yen	6,335,722,800	3,712,262,970
Singapore Dollar	4,151,289,172	8,410,044,858
Australian Dollar	1,191,294,433	1,815,666,367
Hong Kong Dollar	175,504,214	138,598,716
Others	594,797,955	2,085,558,874
Sub-total	46,852,947,272	67,069,354,199
Total	Rp 185,050,541,731	Rp 367,709,738,314

5. CURRENT ACCOUNTS WITH BANK INDONESIA

This account consists of the following:

	2001	2000
Rupiah	Rp 462,537,310,848	Rp 483,814,777,895
United States Dollar	67,080,000,000	45,576,250,000
Total	Rp 529,617,310,848	Rp 529,391,027,895

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

6. CURRENT ACCOUNTS WITH OTHER BANKS

This account consists of the following:

	2001	2000
Rupiah	Rp 13,420,750,233	Rp 8,009,856,770
Foreign Currencies	62,395,455,711	106,220,715,719
Total	75,816,205,944	114,230,572,489
Less allowance for losses	(708,916,731)	-
Net	Rp 75,107,289,213	Rp 114,230,572,489

Based on the review and evaluation of the Bank management, current accounts with other banks are classified as pass. Management believes that the allowance for losses is adequate to cover any possible losses on uncollectible current accounts with other banks and is computed based on the Bank Indonesia regulations (see Note 2j).

7. PLACEMENTS WITH OTHER BANKS

This account consists of the following:

	2001	2000
<u>Rupiah</u>		
Call Money	Rp 356,805,690,075	Rp -
Deposits	39,373,559,521	38,052,758,428
Others	1,600,000,000	1,194,617
<u>Foreign Currencies</u>		
Deposits	368,280,499,352	2,090,822,109,890
Total	766,059,748,948	2,128,876,062,935
Less allowance for losses	(4,900,936,898)	(20,449,828,300)
Net	Rp 761,158,812,050	Rp 2,108,426,234,635

Placements with other banks classified according to the remaining maturity periods as of December 31, 2001 and 2000 (before allowance for losses) are as follows:

	2001				(in Rupiah millions)
Type of Placements with Other Banks	Call Money	Deposits	Others	Total	
<u>Rupiah</u>					
Less than 1 month	356,806	14,760	1,600	373,166	
1-3 months	-	24,614	-	24,614	
Sub-total	356,806	39,374	1,600	397,780	

(Forward)

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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2001				(in Rupiah millions)
Type of Placements with Other Banks	Call Money	Deposits	Others	Total
Foreign Currencies				
Less than 1 month	-	338,431	-	338,431
1-3 months	-	29,849	-	29,849
Sub-total	-	368,280	-	368,280
Total	356,806	407,654	1,600	766,060

2000				(in Rupiah millions)
Type of Placements with Other Banks	Deposits	Others	Total	
Rupiah				
1-3 months	17,176	-	17,176	
3-6 months	20,877	-	20,877	
More than 12 months	-	1	1	
Sub-total	38,053	1	38,054	
Foreign Currencies				
1-3 months	2,058,218	-	2,058,218	
3-6 months	32,604	-	32,604	
Sub-total	2,090,822	-	2,090,822	
Total	2,128,875	1	2,128,876	

The changes in the allowance for losses are as follows:

Description	2001			2000		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Balance at beginning of year	9,846	10,804	20,450	223,191	-	223,191
Provisions during the year	(8,129)	(8,885)	(17,014)	(9,266)	10,804	1,538
Exchange differences	-	1,465	1,465	-	-	-
Write offs during the year	-	-	-	(204,279)	-	(204,279)
Balance at end of year	1,517	3,384	4,901	9,646	10,804	20,450

Based on the review and evaluation of the Bank management, placements with other banks are classified as pass. Management believes that the allowance for losses is adequate to cover any possible losses on uncollectible placements with other banks and is computed based on the Bank Indonesia regulations (see Note 2)).

The average annual interest rates are 15.50% in 2001 and 9.75% in 2000 for placements in Rupiah, and 4.53 % in 2001 and 6.44% in 2000 for placements in foreign currencies.

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(In Rupiah)

8. TRADING ACCOUNT SECURITIES HELD

Trading account securities held represent securities issued by third parties. Trading account securities based on the type of securities are as follows:

	2001	2000
<u>Rupiah</u>		
Held-to-maturity		
Government Bonds	Rp 5,314,357,000,000	Rp 5,314,357,000,000
Certificates of Bank Indonesia - net of unamortized interest of Rp 3,732,334,100 in 2001	415,017,665,900	18,000,000,000
Money market commercial paper	100,000,000,000	-
Bonds - net of unamortized premium/ discount of Rp 226,298,516 in 2001 and Rp 137,142,860 in 2000	94,660,673,441	53,637,918,321
	<u>5,924,035,339,341</u>	<u>5,385,994,918,321</u>
For Trading		
Bonds - net of unamortized premium/ discount of Rp 146,394,808 in 2001 and Rp 198,443,350 in 2000	3,681,297,076	1,994,390,218
Shares	1,129,243,181	590,077,359
Certificates of Bank Indonesia - net of unamortized interest of Rp 499,989,951 in 2000	-	643,500,010,049
	<u>4,810,540,257</u>	<u>646,084,477,626</u>
Total Rupiah	<u>5,928,845,879,598</u>	<u>6,032,079,395,947</u>
Less		
Allowance for losses	(1,946,606,733)	(542,505,842)
Allowance for decline in market value of bonds and shares	(609,659,180)	(505,374,890)
Net - Rupiah	<u>5,926,289,613,685</u>	<u>6,031,031,515,215</u>
<u>Foreign Currencies</u>		
Held-to-maturity		
Exchange Offer - net of unamortized premium/discount of Rp 120,926,821,288 in 2001	1,391,724,169,888	-
Government Bonds - net of unamortized premium/discount of Rp 10,405,803,616 in 2001	197,594,196,384	-

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	2001	2000
Floating Rate Notes (FRN) - net of unamortized premium/discount of Rp 271,006,632 in 2001	Rp 103,728,993,368 1,693,047,359,640	Rp - -
For Trading		
Bills	1,876,379,336	3,151,708,617
Bonds - net of unamortized premium/ discount of Rp 3,981,420,111 in 2000	-	15,208,579,889
	1,876,379,336	18,360,288,506
Available-for-sale		
Shares	-	17,727,143,280
Total Foreign Currencies	1,694,923,738,976	36,087,431,786
Less allowance for losses	(14,973,295,376)	(252,218,776)
Net Foreign Currencies	1,679,950,443,600	35,835,213,010
Net	Rp 7,606,240,057,285	Rp 6,066,866,728,225

Trading account securities held-to-maturity classified according to the remaining maturity periods (before allowance for losses) are as follows:

(in Rupiah millions)

	2001			2000		
Period	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Less than 1 month	515,018	-	515,018	18,000	-	18,000
3 - 12 months	-	121,340	121,340	36,006	-	36,006
12 - 60 months	3,637,564	1,571,707	5,209,271	1,789,084	-	1,789,084
More than 60 months	1,771,453	-	1,771,453	3,542,905	-	3,542,905
Total	5,924,035	1,693,047	7,617,082	5,385,995	-	5,385,995

The changes in the allowance for losses are as follows:

(in Rupiah millions)

	2001			2000		
Description	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Balance at beginning of year	543	252	795	53,789	13,670	67,459
Provisions during the year	1,401	15,560	16,961	(51,858)	(13,418)	(65,276)
Exchange differences	-	(839)	(839)	-	-	-
Write offs during the year	-	-	-	(1,468)	-	(1,468)
Recovery of securities written off	3	-	3	80	-	80
Balance at end of year	1,947	14,973	16,920	543	252	795

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The Bank's management believes that the allowance for losses is adequate to cover any possible losses on uncollectible trading account securities-held and is computed based on the Bank Indonesia regulations (see Note 2j).

Collectibility of trading account securities held:

	2001	2000
Pass	Rp 7,623,757,408,574	Rp 6,068,166,827,733
Loss	12,210,000	-
Total	7,623,769,618,574	6,068,166,827,733
Less		
Allowances for losses	16,919,902,109	794,724,618
Allowances for decline in market value of bonds and shares	609,659,180	505,374,890
Net	Rp 7,606,240,057,285	Rp 6,066,866,728,225

In 1999, Bonds issued by a closed bank totaling Rp 1.47 billion became due on July 20, 2000 and were fully provided with allowance for losses. These bonds were transferred to IBRA in accordance with the Sale, Purchase and Transfer of Rights on Receivable Agreement dated September 29, 2000 which was legalized by Notary No. 1181/leg/2000 (see Note 10n).

The issuers of the abovementioned bonds, Certificates of Bank Indonesia, money market commercial paper, Floating Rate Notes and exchange offer which are held-to-maturity are as follows:

	2001	2000
<u>Bonds</u>		
Government of the Republic of Indonesia	Rp 5,511,951,196,384	Rp 5,314,357,000,000
PT Indosat Tbk	17,000,000,000	-
PT Perum Pegadaian	17,000,000,000	-
PT Astra International Tbk	15,936,971,957	20,475,061,183
PT Ultrajaya Tbk	15,000,000,000	-
PT Semen Gresik Tbk	14,999,571,054	-
PT HM Sampoerna Tbk	14,724,130,430	-
PT Perusahaan Listrik Negara (PERSERO)	-	33,162,857,138
Sub-total	5,606,611,869,825	5,367,994,918,321
<u>Certificates of Bank Indonesia</u>		
Bank Indonesia	415,017,665,900	18,000,000,000
<u>Money Market Commercial Paper</u>		
PT Bank Niaga	100,000,000,000	-
<u>Floating Rate Notes (FRN)</u>		
PT Bank Mandiri (Persero)	103,728,993,368	-

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	2001	2000
<u>Exchange offer</u>		
PT Bank Mandiri (Persero)	Rp 475,335,475,056	Rp -
PT Bank Rakyat Indonesia (Persero)	299,457,867,896	-
PT Bank Negara Indonesia (Persero) Tbk	253,074,298,152	-
PT Bank BIRA	193,219,828,548	-
PT Bank Danamon Indonesia Tbk	74,314,119,048	-
PT Bank Dagang Nasional Indonesia (BBO)	55,643,756,064	-
PT Bank Inter Pacific	40,678,825,324	-
Sub-total	1,391,724,169,888	-
Total	Rp 7,617,082,698,981	Rp 5,385,994,918,321

As reported by Surabaya Stock Exchange, the rating of the bonds according to PT Pemeringkat Efek Indonesia (PT Pefindo) are as follows:

	2001	2000
PLN V Year 1996 Seri B (August)	-	idB
Astra International III Year 1999 Seri I	-	idB+
Astra International III Year 1999 Seri II	idB+	idB+
HM Sampoerna I Year 2000	idAA-	-
Ultrajaya II Year 2001 Seri B	idBBB+	-
Indosat I Year 2001 Seri A	idAA+	-
Perum Pegadaian VIII Year 2001 Seri A	idA+	-
Semen Gresik I Year 2001 Seri B	idA	-

The unrealized holding gain on available-for-sale securities of a Subsidiary Company is presented as difference arising from the change in equity transactions of a Subsidiary company in the stockholders' equity section of the consolidated balance sheets.

Annual interest rates for trading account securities held ranged from 10.00% to 20.38% in 2001 and from 10.00% to 16.50% in 2000 for those denominated in Rupiah and from 4.38% to 10.09% in 2001 and 7.63% in 2000 for those denominated in foreign currencies.

In connection with the Bank's recapitalization, on October 12, 2000, the Government of the Republic of Indonesia, represented by the Ministry of Finance, issued Government Bonds totaling Rp 5,314,357,000,000. These bonds, with fixed interest rates, were issued in three (3) series:

- **Series FR0003**
 - Total principal : Rp 1,771,452,000,000
 - Maturity date : May 15, 2005
 - Interest rate : 12% a year
- **Series FR0004**
 - Total principal : Rp 1,771,452,000,000
 - Maturity date : February 15, 2006
 - Interest rate : 12.125% a year

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- Series FR0005

Total principal	:	Rp 1,771,453,000,000
Maturity date	:	July 15, 2007
Interest rate	:	12.25% a year

The interest on the abovementioned bonds are payable every six (6) months in arrears, on May 15 and November 15 each year for series FR0003, February 15 and August 15 each year for series FR0004 and January 15 and July 15 each year for series FR0005. The Bank management intends to hold these bonds up to maturity.

Based on the Letter of the Ministry of Finance to the Governor of Bank Indonesia No. S-595/MK.017/2000 dated November 30, 2000, Bank Indonesia in its Letter No. 2/400/DPM dated December 1, 2000 has informed the Bank that the Government of the Republic of Indonesia plans to execute a bonds exchange offer program. This program offers Stapled Bonds to be exchanged with the fixed rate bonds which were issued by the Government in connection with the Bank's recapitalization. Stapled Bonds represent a package of bonds which consists of 2 types of bonds. The weighted average of the coupon from the Stapled Bonds is the same with the fixed rate bonds which will be exchanged.

In connection with the offering, the Bank submitted the Proposal Letter of Bonds Exchange Offer to Bank Indonesia (BI) on December 5, 2000, whereby the Bank proposed to exchange the FR0003 series Bonds amounting to Rp 1,771,452,000,000 with Stapled Bonds FR0008 series and FR0009 series. In accordance with BI confirmation on December 8, 2000, the FR0003 series Bonds have been exchanged with Stapled Bonds FR0008 series and FR0009 series whereby such Stapled Bonds which were held to maturity by the Bank amounted to Rp 545,062,000,000 with interest rate of 16.5% and Rp 1,226,390,000,000 with interest rate of 10%, respectively.

As published by Bank Indonesia on December 28, 2001, the market value of government bonds with fixed interest rate as of December 31, 2001 ranged from 74.26% to 100% of the nominal value. While on March 28, 2002, (date of independent auditors report), the market value ranged from 80.42% to 100% of the nominal value of fixed interest rate.

Interest income from exchange offer are received semi-annually every February 25 and August 25 for the first exchange offer and every June 1 and December 1 for the second exchange offer. The interest rate of this exchange offer are determined every six months. This exchange offer agreements are guaranteed by Bank Indonesia (BI).

9. DERIVATIVES RECEIVABLE AND PAYABLE

Derivatives receivable and payable are classified as pass and consists of:

2001				
Transaction	Contract Notional Value	Fair Value	Derivatives Receivable and Payable	
			Derivatives Receivable	Derivatives Payable
Swap: - Sold	Rp 20,800,000,000	Rp 20,625,411,872	Rp -	Rp 174,588,128
- Bought	88,400,000,000	87,323,185,144	1,076,814,856	-
	1,040,000,000	1,040,292,448	-	292,448
Less allowance for losses			10,768,160	-
Net			Rp 1,066,046,696	Rp 174,880,576

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2000				
Transaction	Contract Notional Value	Fair Value	Derivatives Receivable and Payable	
			Derivatives Receivable	Derivatives Payable
Swap: - Sold	Rp 20,294,130,233	Rp 20,805,384,168	Rp 511,253,935	Rp -
	13,433,000,000	13,148,402,417	-	284,597,583
- Bought	959,500,000	959,077,724	422,276	-
Net			Rp 511,676,211	Rp 284,597,583

These contracts consist of swap contracts involving various foreign currencies such as Japanese Yen, US Dollar, Hong Kong Dollar, Indonesian Rupiah and others with maturity periods ranging from 14 days to 35 days.

Forward and swap foreign exchange transactions represent transactions which were done for the benefit of the Bank in managing the liquidity and hedging position. The Bank has its own risk management policy and the risk amount limit in controlling the foreign exchange risks. The changes in variable market risks is actively monitored in the ALCO (Asset Liability Committee) meeting which is conducted monthly and became the benchmarking in determining the Bank's strategies. Both the net open position and forward foreign exchange position are regularly monitored and controlled by independent unit and reported to Bank Indonesia (BI) to comply with BI regulations. Under PSAK No. 55 and for accounting purposes, since the criteria therein are not fulfilled, these transactions are not considered as effective hedging.

The Bank's management believes that the allowance for losses is adequate to cover any possible losses on uncollectible derivatives receivable and is computed based on the Bank Indonesia regulations (see Note 2j).

10. LOANS

This account consists of the following:

1) Type of Loans

	2001	2000
<u>Rupiah</u>		
Working capital	Rp 704,568,611,190	Rp 216,215,980,856
Investment	392,028,151,319	55,898,136,440
Consumer	336,847,067,344	134,340,253,939
Credit card	131,492,757,364	75,629,465,185
Syndicated	50,137,493,587	293,537,687
Loans to officers and employees	25,973,139,643	25,687,453,731
Sub-total	1,641,047,220,447	508,064,827,838

(Forward)

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	2001	2000
Foreign Currencies		
Investment	Rp 314,090,273,239	Rp 269,573,169,395
Working Capital	241,191,558,868	480,797,240,787
Syndicated	-	221,318,577,269
Loans to officers and employees	-	16,865,322,798
Consumers	-	9,209,807,015
Sub-total	555,281,832,107	997,764,117,264
Total	2,196,329,052,554	1,505,828,945,102
Less: - Allowance for losses	160,038,706,536	500,839,794,356
- Unearned interest income	245,621,480	275,879,071
Net	Rp 2,036,044,724,538	Rp 1,004,713,271,675

2) Economic Sector

	2001					(in Rupiah millions)
	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Rupiah						
Industry	371,440	56,870	3,574	36	-	431,920
Trading, restaurant and hotel	323,172	6,740	75	297	233	330,517
Housing	199,712	16,510	734	164	2,408	219,528
Transportation, warehouse and communication	161,572	-	1,936	-	-	163,508
Business services	118,063	209	-	-	-	118,272
Construction	41,749	148	-	-	10	41,907
Agriculture, hunting and agriculture improvement	38,843	57	-	-	-	38,900
Social services	23,020	102	-	-	-	23,122
Mining	766	2,522	78	-	-	3,366
Electricity, gas and water	69	-	-	-	-	69
Others	256,543	4,667	2,054	1,322	5,352	269,938
Total Rupiah	1,534,949	87,825	8,451	1,819	8,003	1,641,047
Foreign Currencies						
Industry	237,497	184,432	14,691	2,920	9,081	448,621
Transportation, warehouse and communication	23,959	-	-	12,480	-	36,439
Business services	13,005	15,673	-	-	-	28,678
Trading, restaurant and hotel	17,970	7,779	-	-	-	25,749
Construction	-	-	-	-	11,481	11,481
Agriculture, hunting and agriculture improvement	2,569	-	-	-	-	2,569
Mining	-	1,745	-	-	-	1,745
Total Foreign Currencies	295,000	209,629	14,691	15,400	20,562	555,282
Total	1,829,949	297,454	23,142	17,219	28,565	2,196,329

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	2000					(In Rupiah millions)
	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Rupiah						
Industry	128,483	4,835	1,077	1,551	352	136,298
Housing	99,662	14,406	3,876	1,309	1,981	121,214
Trading, restaurant and hotel	62,990	9,137	336	3,292	2,072	77,827
Business services	12,452	563	-	-	6,019	19,034
Transportation, warehouse and communication	12,146	213	171	51	-	12,581
Agriculture, hunting and agriculture improvement	8,027	313	-	-	-	8,340
Construction	3,781	650	-	238	-	4,669
Social services	888	123	-	32	-	1,043
Others	95,092	1,031	795	1,676	3,534	102,128
Total Rupiah	423,521	31,271	6,255	8,149	13,938	483,134
Foreign Currencies						
Industry	175,597	52,294	1,814	215,150	66,922	511,777
Construction	180	-	-	-	152,230	152,410
Trading, restaurant and hotel	12,403	8,400	6,607	-	29,182	56,592
Business services	2,542	-	9,537	23,867	6,505	42,451
Transportation, warehouse and communication	-	20,610	2,192	11,727	-	34,529
Agriculture, hunting and agriculture improvement	-	-	16,312	-	-	16,312
Others	189	-	-	-	-	189
Total Foreign Currencies	190,911	81,304	38,462	250,744	254,839	814,260
Subsidiaries	208,435	-	-	-	-	208,435
Total	822,867	112,575	42,717	258,893	268,777	1,505,829

3) Loan Periods

Credit classification based on loan agreement and remaining maturity are as follows:

a. Based on loan agreement (in Rupiah millions)

Period	2001			2000		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
1 year	977,176	265,224	1,242,400	319,040	548,363	867,403
2-3 years	247,968	38,106	286,074	41,396	227,842	269,238
4-5 years	261,958	228,462	490,420	26,371	127,721	154,092
More than 5 years	153,945	23,490	177,435	121,258	93,838	215,096
Total	1,641,047	555,282	2,196,329	508,065	997,764	1,505,829

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b. By remaining maturity (in Rupiah millions)

Period	2001			2000		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
1 year	941,507	277,873	1,219,380	262,852	713,399	976,251
1-2 years	71,498	29,827	101,325	82,576	86,676	169,252
2-5 years	484,643	240,353	724,996	55,725	175,453	231,178
More than 5 years	143,399	7,229	150,628	106,912	22,236	129,148
Total	1,641,047	555,282	2,196,329	508,065	997,764	1,505,829

Significant information relating to the above loans are as follows:

- The average annual interest rates are 19.41% in 2001 and 15.46% in 2000 for loans in Rupiah currency, and 8.95% in 2001 and 6.30% in 2000 for loans in foreign currencies.
- These loans are secured by time deposits or by registered mortgages or by powers of attorney to mortgage or sell, or by other guarantees acceptable to the Bank and Subsidiaries engaged in banking activities (see Note 19).
- The working capital loans and investment loans were granted to customers for working capital and capital goods.
- The working capital loans include current accounts and overdrafts.
- The consumer loans consist of housing, vehicles and other personal loans.
- During 2001 and 2000, the loans which were restructured by the Bank through the granting of principal and interest concessions to the debtors, extension of terms and reduction in interest rate aggregated to 7.70% and 0.22% of the total loans as of December 31, 2001 and 2000, respectively. The loss on restructuring amounted to Rp 729 million in 2001 and Rp 760 million in 2000 (see 10I below). Loans restructured under debt-to-equity participation amounted to Rp 2.41 billion in 2001.
- The syndicated loans represent loans provided to customers under syndication agreements with other banks. The Bank's share in the syndicated loans, wherein it acts as the lead manager, ranged from 23.53% to 51.27% of each syndicated loan facility in 2000. Total participation of the Bank in syndicated loans wherein it acts as a member accounts ranged from 4.54% and 10.00% of each syndicated loan facility in 2001 and for 14.00% of each syndicated loan facility in 2000.
- The government program loans consist of small-scale investment loans, investment loans and loans for primary cooperative members.

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- i. Loans to related parties consist of:

	2001	2000
Key management personnel	Rp 2,864,574,033	Rp 2,707,977,326
Related parties		
PT KDLC BancBali Finance	-	6,018,878,371
Total	Rp 2,864,574,033	Rp 8,726,855,697
Percentage to Total Assets	0.02%	0.07%

PT KDLC BancBali Finance is an associated company.

The loans granted to key management personnel consist of interest-bearing loans intended for the acquisition of motor vehicles, houses and other personal properties, maturing within 1 to 10 years. The loans are collected through monthly payroll deductions.

The loans to related parties were made under normal terms and conditions similar to those transactions entered into with third parties.

- j. Loans which are classified as non-performing loans amounted to Rp 68.93 billion or 3.20% of total loans as of December 31, 2001 and Rp 570.4 billion or 43.96% of total loans as of December 31, 2000. Based on Bank Indonesia regulation No. 3/25/PBI/2001 dated December 26, 2001 of the Governor of BI the ratio of non-performing loan should be within the maximum of 5% of the Banks' total loans.
- k. The Bank's report stated that its Legal Lending Limit (LLL) as of December 31, 2001, has exceeded the requirements of LLL for related parties by Rp 802 million and for third parties by Rp 279.33 billion, while as of December 31, 2000 (unaudited) has exceeded the requirements of LLL for related parties by Rp 44.7 billion and third parties by Rp 267.5 billion.
- l. The changes in the allowance for losses are as follows:

(In Rupiah millions)

Description	2001			2000		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Balance at beginning of year	95,775	405,065	500,840	660,263	822,875	1,483,138
Reversal of allowance for disposed subsidiary company	-	(122,012)	(122,012)	-	-	-
Provision (reversals) during the year	(69,163)	(45,251)	(114,414)	(145,254)	784,748	619,494
Exchange difference	-	(5,369)	(5,369)	-	103,018	103,018
Write offs during the year	(92)	(99,018)	(99,110)	(433,724)	(1,337,803)	(1,771,527)

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Description	2001			2000		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Gain (loss) on restructuring	1,258	(1,987)	(729)	(760)	-	(760)
Recovery of loans written off	299	534	833	15,250	52,227	67,477
Balance at end of year	28,077	131,962	160,039	95,775	405,065	500,840

(in Rupiah millions)

The Bank's management believes that the allowance for losses is adequate to cover any possible losses on uncollectible loans and is computed based on the Bank Indonesia regulations (see Note 2j).

- m. The Bank has an individual unit which handles the process of managing risks involving determination of the limits of market risks and credit risks based on the consideration of the product, partnership, industry and geography. This unit develops, communicates, assists and monitors the business units in implementing the policies and methodology of managing risks to strengthen the Bank's ability in managing and evaluating credit risks.

The Bank has also a credit policy manual which contains the loans granting and credit administration policies and procedures, including evaluation of credit quality policy, adequacy of provision for losses and reassessment of collateral values. The process of loans granting have a standard policy whereby credit proposals are evaluated by an authorized officer. The Credit Committee has the highest authority in approving the granting of loans. Moreover, the Bank's management including the directors maintain personal, close and strong relationships with the debtors' owners and management, by visiting the customers regularly, to obtain customer information.

- n. In accordance with Article 10 of the Joint Decree of the Ministry of Finance and the Governor of Bank Indonesia No. 117/KMK.017/1999 / No. 31/15/KEP/GBI dated March 26, 1999 regarding the realization of the recapitalization program of Taken-Over Banks (BTO), the Bank transferred and assigned all its rights and ownership over non-performing earning assets to IBRA under the Sale and Purchase of Movable Assets Agreement which was legalized by Notary No. 1180/leg/2000, the Sale, Purchase and Transfer of Receivables Agreement which was legalized by Notary No. 1181/leg/2000 dated September 29, 2000, and Sale, Purchase and Transfer of Rights which was notarized by Notarial Deed No. 21 of Ny. Asmara Noer, S.H. dated September 29, 2000. The non-performing earning assets transferred amounting to Rp 2,035,743,609,090, were fully provided with allowance for losses and are therefore transferred at zero values. The non-performing assets are still under the management, arrangement and supervision of the Bank under the Temporary Assets Management Agreement which was legalized by Notary No. 1179/leg/2000 dated September 29, 2000. The term of the management agreement is six months from the date of the agreement. The term of the agreement is automatically extended for the next six months, except if IBRA, within at least 30 days before the end of the term, informs the Bank in writing that it will not extend the term.

Based on the letter from IBRA No. S-243/ADA-OSM/BPPN/0601 dated June 27, 2001, the terms of the Temporary Assets Management Agreement had ended in May 2001. As such as of June 2001, there are no non-performing assets attributable to IBRA that is under the management, arrangement and supervision of the Bank.

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- o. On April 19, 2001, the Bank entered into export loans insurance agreement with PT (Persero) Asuransi Ekspor Indonesia (ASEI). The loans covered are new loans with "pass" collectibility status or those extended with collectibility status as pass, special mention, substandard, and doubtful up to a maximum period of 12 months and maximum facility amounting to Rp 250,000,000 up to Rp 3,500,000,000 or US\$ 25,000 up to US\$ 350,000. ASEI will bear the risk of loss in case of failure of the customers to pay the loans and when the loan have been classified loss. This agreement carries a term of 3 years and is automatically extendable for the same term. Premium rate is 0.8% up to 1% a year from plafond while for loan with period less than one year is computed proportionally.
- p. The Bank entered into a joint financing agreement with PT Federal International Finance (FIF) and PT Astra Sedaya Finance (ASF), to grant motor vehicle loans and car loans, respectively. Based on the agreement, FIF and ASF will act as a facility manager and guarantee manager. The Bank, FIF and ASF will bear the risk for doubtful loans in proportion to each share in those joint financing agreement. The outstanding balance of joint financing as of December 31, 2001 amounted to Rp 49.9 billion and Rp 8.4 billion, for FIF and ASF, respectively.

11. PREMIUMS RECEIVABLE

This account represents receivables from policyholders of a Subsidiary engaged in the insurance business.

As of December 31, 2001 and 2000, there was no allowance for losses provided since the Subsidiary's management believes that all premiums receivable are fully collectible.

12. ACCEPTANCES RECEIVABLE

Acceptances receivable represent receivables from third party customers in foreign currencies.

The details of acceptances receivable classified according to the remaining maturity periods are as follows:

	2001	2000
Less than 1 month	Rp 15,766,900,153	Rp 7,337,925,325
1 - 3 months	17,816,667,616	4,149,127,688
3 - 6 months	8,972,129,057	4,716,255,728
Total	Rp 42,555,696,826	Rp 16,203,308,741

The changes in the allowance for losses are as follows:

	2001	2000
Balance at beginning of year	Rp 162,033,087	Rp -
Provision during the year	391,416,432	162,033,087
Exchange difference	(127,892,543)	-
Balance at end of year	Rp 425,556,976	Rp 162,033,087

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Based on the review and evaluation of the Bank management, the acceptances receivable are classified as pass. Management believes that the allowance for losses is adequate to cover any possible losses on uncollectible acceptances receivable and is computed based on the Bank Indonesia regulations (see Note 2j).

13. INVESTMENTS IN SHARES OF STOCK

This account represents investments in the shares of stock of the following companies:

		2001			
	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associated Companies	Carrying Value
<u>Equity Method</u>					
PT United Overseas Bank Indonesia	Banking	20.10%	Rp 10,064,375,770	Rp 60,662,901,230	Rp 70,727,277,000
PT Bali Walden UOB Venture Capital	Venture Capital	35.00	3,500,000,000	1,505,415,931	5,005,415,931
PT Willis Corroon BancBali	Insurance	48.00	1,440,000,000	3,401,624,054	4,841,624,054
PT BPR Bali Budikusuma Mandiri	Banking	39.17	26,000,000	121,024,912	147,024,912
			15,030,375,770	65,690,966,127	80,721,341,897
<u>Cost Method</u>					
PT KDLC BancBali Finance	Consumer Finance and Leasing	15.00	6,025,008,536	-	6,025,008,536
Orient Bancorporation, San Francisco, USA	Banking	4.75	4,242,429,390	-	4,242,429,390
UOB Venture Investment Ltd., Singapore	Venture Capital	5.22	1,511,948,526	-	1,511,948,526
PT Sarana Bali Ventura	Venture Capital	4.66	304,920,000	-	304,920,000
PT Kustodian Sentral Efek Indonesia	Clearing and Depository Institution	1.00	300,000,000	-	300,000,000
PT Bursa Efek Surabaya	Capital Market	1.56	135,000,000	-	135,000,000
PT Sarana Bersama Pembiayaan Indonesia	Investment	0.93	62,000,000	-	62,000,000
PT Bursa Efek Jakarta	Capital Market	3.00	60,000,000	-	60,000,000
PT Aplikasi Lintasarta	Communication	0.40	20,000,000	-	20,000,000
PT Pemeringkat Efek Indonesia	Rating Company	0.07	4,000,000	-	4,000,000
PT Bank UFJ Indonesia (formerly PT Bank Sanwa Indonesia)	Banking	3.77	-	-	-
			12,665,306,452	-	12,665,306,452
Total			27,695,682,222	65,690,966,127	93,386,648,349
Less allowance for losses			-	-	1,806,495,368
Net			Rp 27,695,682,222	Rp 65,690,966,127	Rp 91,580,152,981

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2000					
	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associated Companies	Carrying Value
Equity Method					
PT United Overseas Bank Indonesia	Banking	20.10%	Rp 10,064,375,770	Rp 46,218,992,736	Rp 56,283,368,508
PT Bali Walden UOB Venture Capital	Venture Capital	35.00	3,500,000,000	898,853,654	4,398,853,654
PT KDLC BancBali Finance	Consumer Finance and Leasing	23.50	3,525,000,000	108,863,642	3,633,863,642
PT Willis Corroon BancBali Insurance	Insurance	48.00	1,440,000,000	1,842,895,894	3,282,895,894
PT BPR Bali Budikusuma Mandiri	Banking	39.17	26,000,000	57,715,129	83,715,129
			<u>18,555,375,770</u>	<u>49,127,121,055</u>	<u>67,682,496,825</u>
Cost Method					
PT Prudential BancBali Life Assurance	Life Insurance	11.76	9,114,151,039	-	9,114,151,039
Orient Bancorporation, San Francisco, USA	Banking	4.75	4,242,429,390	-	4,242,429,390
UOB Venture Investment Ltd., Singapore	Venture Capital	5.22	2,643,079,263	-	2,643,079,263
PT Sarana Bali Ventura	Venture Capital	4.66	304,920,000	-	304,920,000
PT Kustodian Sentral Efek Indonesia	Clearing and Depository Institution	1.00	300,000,000	-	300,000,000
PT Bursa Efek Surabaya	Capital Market	1.56	135,000,000	-	135,000,000
PT Sarana Bersama Pembiayaan Indonesia	Investment	0.93	62,000,000	-	62,000,000
PT Bursa Efek Jakarta	Capital Market	3.00	60,000,000	-	60,000,000
PT Aplikasi Lintasarta	Communication	0.40	20,000,000	-	20,000,000
PT Pemeringkat Efek Indonesia	Rating Company	0.07	4,000,000	-	4,000,000
PT Bank UFJ Indonesia (formerly PT Bank Sanwa Indonesia)	Banking	5.03	-	-	-
			<u>16,885,579,692</u>	<u>-</u>	<u>16,885,579,692</u>
Total			35,440,955,462	49,127,121,055	84,568,076,517
Less allowance for losses			-	-	10,379,578,300
Net			<u>Rp 35,440,955,462</u>	<u>Rp 49,127,121,055</u>	<u>Rp 74,188,498,217</u>

The collectibility classification of investments in shares of stock is as follows (in Rupiah millions):

	2001	2000
Parent Company		
Pass	Rp 151,770	Rp 126,976
Substandard	1,512	-
Loss	62	9,114
	<u>153,344</u>	<u>136,090</u>
Subsidiaries	199	199
Elimination	(60,156)	(51,721)
Total	93,387	84,568
Less allowance for losses	1,807	10,380
Net	<u>Rp 91,580</u>	<u>Rp 74,188</u>

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The changes in the allowance for losses are as follows (in Rupiah millions):

	2001	2000
Balance at beginning of year	Rp 10,380	Rp 1,172
Provision (reversal) during the year	(8,573)	9,208
Balance at end of year	Rp 1,807	Rp 10,380

The Bank management believes that the allowance for losses is adequate to cover any possible losses on the non-recoverability of the investments in shares of stock and is computed based on the Bank Indonesia regulations (see Note 2j).

Based on the Minutes of the Stockholders' Extraordinary General Meeting of PT KDLC BancBali Finance No. 11 dated May 22, 2001, the stockholders agreed to increase the paid-up capital from Rp 15 billion to Rp 39.5 billion which arose from the conversion of loan to equity. In relation to this, on May 11, 2001, the Bank has temporary investment under the framework of loan restructuring in PT KDLC BancBali Finance amounting to Rp 2.41 billion and is accounted for under the cost method. Therefore, its ownership interest has decreased from 23.5% to 15%.

Based on the Minutes of Meeting No. 39, which was notarized by Winanto Wiryomartani S.H. M. Hum, on July 14, 2000, PT United Overseas Bank Bali has changed its name to PT United Overseas Bank Indonesia.

Based on the stockholders' meeting of PT Bali Walden UOB Venture Capital dated June 26, 2000, the major stockholders have proposed to liquidate the company and requested the approval from other stockholders. Based on the Letter of IBRA No. 528/BR/0900 dated September 6, 2000, IBRA has approved the liquidation of the company. Based on the stockholders' meeting dated December 5, 2000, which was notarized by the notarial deed of Kun Hidayat, S.H., on the same date, the stockholders approved to liquidate the company effective November 29, 2000. Up to the date of the auditor's report, the liquidation process has not yet been completed.

Based on the announcement letter dated May 24, 2001 of the Directors of UOB Venture Investment Ltd., Singapore to the stockholders, UOB Venture Investment Ltd., has redeemed 30% of its preferred stock. As a result, the Bank has received Rp 5,056,457,481 (SGD 899,100) from the shares redemption on January 17, 2002.

Based on the meeting of the Directors dated June 16, 2000 of UOB Venture Investment Ltd., Singapore, UOB Venture Investment Ltd., has redeemed 30% of its preferred stock. As a result, the Bank has received Rp 4,536,139,320 (SGD 899,100) from the shares redemption.

Based on the minutes of the Stockholders' Extraordinary General Meeting dated May 25, 2000 of PT Prudential BancBali Life Assurance which was notarized by the Notarial Deed No. 149 of Singgih Susilo, S.H., on the same date, the stockholders agreed to increase the Company's authorized capital and paid-up capital. However, the Bank did not participate in the increase in capital resulting in the dilution of its ownership interest from 20.00% to 11.76%. Based on the notarial deed No. 17 dated August 10, 2001 of Sutjipto, S.H., it was agreed to sell all the Bank's shares in PT Prudential BancBali Life Assurance at a selling price amounting to Rp 6 billion. Based on the Termination Agreement dated August 10, 2001, the Bank has received compensation for the termination agreement with PT Prudential BancBali Life Assurance amounting to Rp 61.5 billion (see Note 37).

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In 2000, the Bank's investment in PT Sarana Bali Ventura increased by Rp 304,920,000, because of the distribution of stock dividends.

In 1999, PT Bank Sanwa Indonesia increased its paid-up capital to meet the capital required by Bank Indonesia. However, the Bank did not participate in the increase in capital resulting in the dilution of its ownership interest from 20.10% to 5.03%. Since December 31, 1998, the carrying value of the Bank's investment in PT Bank Sanwa Indonesia is zero as the equity in the accumulated net loss of the associated company already exceeded the carrying value of the investments. Based on the Merger deed No. 9 dated July 18, 2001 which was notarized by Hendra Karyadi S.H., PT Bank Sanwa Indonesia has changed its name into PT Bank UFJ Indonesia.

The Bank's equity in the net earnings of associated companies totaled Rp 17,661,302,260 and Rp 15,786,093,412 in 2001 and 2000, respectively.

The Bank received cash dividends from the abovementioned investee companies under equity method and cost method totaling Rp 1,005,000,000 and Rp 83,423,527, respectively, in 2001 and Rp 3,115,000,000 and Rp 65,573,682, respectively, in 2000.

14. PREMISES AND EQUIPMENT

Premises and equipment consist of the following:

2001	Beginning Balances	Additions	Deductions	Ending Balances
	Rp	Rp	Rp	Rp
<u>Carrying Value</u>				
<u>Direct Ownership</u>				
Landrights	233,158,980,749	-	22,081,504,840	211,075,455,909
Buildings (see Note 40)	318,540,991,380	629,065,692	49,563,095,800	269,608,961,272
Furniture, fixtures and office equipment	281,598,674,942	14,930,923,042	28,304,039,381	268,225,558,603
Vehicles	3,818,003,294	2,112,194,711	1,523,261,276	4,406,936,729
Total	837,114,630,365	17,672,183,445	101,471,901,297	753,314,912,513
Buildings under construction	-	85,813,500	-	85,813,500
Total Carrying Value	837,114,630,365	17,757,996,945	101,471,901,297	753,400,726,013
<u>Accumulated Depreciation and Amortization</u>				
<u>Direct Ownership</u>				
Buildings	32,467,317,494	10,031,208,055	2,049,875,863	40,448,649,686
Furniture, fixtures and office equipment	170,908,922,005	29,983,696,992	24,675,239,129	176,215,379,868
Vehicles	1,745,943,588	920,486,338	1,242,890,010	1,423,539,916
Total Accumulated Depreciation and Amortization	205,120,183,087	40,935,391,385	27,968,005,002	218,087,569,470
Net Book Value	631,994,447,278			535,313,156,543

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2000	Beginning Balances	Additions	Deductions	Ending Balances
	Rp	Rp	Rp	Rp
<u>Carrying Value</u>				
<u>Direct Ownership</u>				
Landrights	248,684,793,340	48,000,000	15,575,832,591	233,156,960,749
Buildings (see Note 40)	616,879,449,735	12,456,586,335	310,795,044,690	318,540,991,380
Furniture, fixtures and office equipment	272,557,293,994	20,378,665,240	11,337,284,292	281,598,674,942
Vehicles	2,972,934,606	2,074,807,687	1,229,738,999	3,818,003,294
Total	1,141,094,471,675	34,958,059,262	338,937,900,572	837,114,630,365
Buildings under construction	1,456,465,152	583,465,991	2,039,931,143	-
Total Carrying Value	1,142,550,936,827	35,541,525,253	340,977,831,715	837,114,630,365
<u>Accumulated Depreciation and Amortization</u>				
<u>Direct Ownership</u>				
Buildings	56,095,566,403	13,520,856,420	37,149,105,329	32,467,317,494
Furniture, fixtures and office equipment	143,844,996,143	38,290,252,366	11,228,326,504	170,906,922,005
Vehicles	2,267,833,749	593,487,791	1,115,377,952	1,745,943,588
Total Accumulated Depreciation and Amortization	202,208,396,295	52,404,596,577	49,492,809,785	205,120,183,087
Net Book Value	940,342,540,532			631,994,447,278

Based on the Decision Letter No. Kep-02/WPJ.06/KP.0404/1997 dated August 5, 1997 of the Head of the Tax Office for Listed Companies, the Bank has obtained the tax office approval to revalue its premises and equipment as of December 31, 1996, based on the Decree of the Ministry of Finance No. 507/KMK.04/1996 dated August 13, 1996. The revaluation increment in premises and equipment amounted to Rp 161,951,397,181.

Based on the appraisal report dated May 12, 2000 by the independent appraiser PT Inti Utama Penilai using the income approach method, there was an impairment in the value of landrights and building totaling Rp 289,221,780,651. Of this amount, Rp 102,001,276,667 was compensated against the revaluation increment in premises and equipment and the balance of Rp 187,220,503,984 was charged to non-operational expenses in the current year (see Note 37).

The details of revaluation increment in premises and equipment and the amount recorded under Stockholders' Equity are as follows:

Landrights	Rp	161,832,960,895
Buildings	(	1,025,769,009)
Furniture, fixtures and office equipment		1,144,205,295
Amount recorded in Premises and Equipment		161,951,397,181
Payment of final income tax on revaluation increment in premises and equipment	(	16,376,069,780)
Revaluation increment in premises and equipment as recorded under Stockholders' Equity		145,575,327,401
Revaluation related to the premises and equipment with impairment in value	(	102,001,276,667)
Revaluation increment in premises and equipment at the end of year	Rp	43,574,050,734

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Additions in 2001 included the exchange difference in the property and equipment of foreign branches. While additions in 2000 included the reclassification of building under construction amounting to Rp 653,835,836 to buildings and exchange difference in property and equipment of foreign branches. The deductions in buildings under construction in 2000 include the write-down of the planned training center amounting to Rp 1.4 billion.

The additions to accumulated depreciation and amortization consist of depreciation and amortization amounting to Rp 40,769,805,536, reclassification of accumulated depreciation of furniture, fixtures and office equipment amounting to Rp 36,786,851, reclassification of accumulated depreciation of vehicles amounting to Rp 217,001 and exchange difference in property and equipment of foreign branches amounting to Rp 128,581,997 in 2001. The additions to accumulated depreciation and amortization consist of depreciation and amortization amounting to Rp 50,117,191,431, reclassification of accumulated depreciation of building and exchange difference in property and equipment of foreign branches amounting to Rp 29,360,330 and Rp 2,258,044,816, respectively, in 2000.

The transfer of 9 titles of certain landrights and buildings in the form of "Hak Guna Bangunan", "Hak Guna Pakai" and strata title to the Bank's name is still in process. The remaining terms of the rights on land and buildings range from 1 to 29 years and can be renewed.

Premises and equipment under direct ownership, except for land, are covered by insurance with PT Asuransi BancBali Nippon Fire, a Subsidiary, against losses by fire and other risks under blanket policies totaling US\$ 71,030,986 and Rp 198,220,727,603, which in the Bank's management opinion, is adequate to cover possible losses from such risks.

15. OTHER ASSETS

This account consists of the following:

	2001	2000
<u>Rupiah</u>		
Other receivables	Rp 546,466,116,369	Rp 546,466,116,369
Accrued interest receivable	246,872,104,302	146,106,539,094
Real and chattel properties - net of allowance for decline in value of real and chattel properties of Rp 32,179,778,782 in 2001 and Rp 30,398,096,609 in 2000	46,709,641,665	75,260,258,693
Prepaid expenses	22,461,286,569	20,573,857,826
<u>Others</u>		
<u>Rupiah</u>		
Unused property and equipment	21,946,547,869	59,549,500
Guarantee money	11,317,484,707	8,621,051,876
Deferred charges - net	6,250,967,093	6,837,143,820
Advances	4,687,222,051	2,405,640,363
Stationery and promotion materials	4,270,904,664	3,384,416,473
Statutory deposits	3,250,000,000	3,310,000,000

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	2001	2000
Credit card receivables	Rp 1,318,987,756	Rp 5,407,509,243
Receivables from sale of marketable securities	888,836,635	436,881,238
Reinsurance receivables	844,631,607	800,502,527
Advances for acquisitions of premises and equipment	414,638,650	1,853,751,754
Projects in progress	-	6,074,242,991
Dividends receivable	-	3,115,000,000
Others	12,177,838,120	5,720,562,402
Sub-total	67,368,039,152	48,026,252,187
<u>Foreign Currencies</u>		
Guarantee money	22,318,243,010	23,490,085,957
Receivables from redemption of investments	5,056,457,481	3,529,789,070
Drafts purchased	3,297,918,315	4,048,961,395
Reinsurance receivables	563,087,738	1,200,753,790
Others	235,391,415	861,041,406
Sub-total	31,471,097,959	33,130,631,618
Total Others	98,839,137,111	81,156,883,805
Total	Rp 961,348,286,016	Rp 869,563,655,787

The amortization of deferred charges charged to the consolidated statements of income amounted to Rp 659,320,271 and Rp 391,038,673 in 2001 and 2000, respectively, while the amortization of the excess of cost of investment over the equity in net assets of a Subsidiary amounted to Rp 722,344,540 for 2000.

Real and chattel properties amounting to Rp 292,252,810,635 as of June 30, 2000 were transferred to IBRA in accordance with the Sale and Purchase of Land and Building Agreement which was notarized by Notarial Deed No. 20 of Ny. Asmara Noer, S.H. dated September 29, 2000. Those real and chattel properties were still under the Bank's management, arrangement and supervision in accordance with the Temporary Assets Management Agreement, until the Agreement has ended (see Note 10n).

Other receivables amounting to Rp 546.4 billion represents receivables from PT Era Giat Prima which were derived from these transactions:

- As of December 31, 1998, the Bank has money market placements with closed/taken-over banks, namely, PT Bank Dagang Nasional Indonesia Tbk (BDNI), PT Bank Umum Nasional Tbk (BUN) and PT Bank Tiara Asia Tbk (Tiara), totaling Rp 1.477 billion principal plus interests.
- As of January 11, 1999, the total of the above placements, after offsetting with the Bank's liabilities to BDNI and Tiara and adjustment for foreign exchange, amounted to Rp 1,235 billion, consisting of Rp 869.8 billion for BDNI, Rp 327.3 billion for BUN and Rp 38.0 billion for Tiara. On the same date, the Bank entered into a transfer/cessie agreement with PT Era Giat Prima (EGP) for its placements and swap contracts with a principal amount totaling Rp 798.1 billion, consisting of Rp 598.1 billion from BDNI and Rp 200.0 billion from BUN. Such principal amounts plus accrued interests were transferred to EGP and as compensation, EGP agreed to deliver to

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the Bank marketable securities amounting to Rp 798.1 billion. The Bank also entered into a transfer/cessie agreement with PT Persada Harum Lestari (PHL) for its swap contract amounting to Rp 38.0 billion from Tiara. Such principal amount plus accrued interests were transferred to PHL and as compensation, PHL agreed to deliver to the Bank marketable securities amounting to Rp 38.0 billion.

- On March 29, 1999, the Bank was authorized by EGP to make the claim from BDN and BUN. On June 1, 1999, the Bank received the payment from Bank Indonesia, in accordance with the letter from IBRA, the amount of Rp 904.6 billion in payment of the BDN claims. On June 9, 1999, the Bank entered into a settlement agreement with EGP, whereby the Bank transferred a total of Rp 546.4 billion to the account of EGP in full settlement of the transfer/cessie agreement covering the BDN claims. As a result, the net amount received by the Bank for the BDN claims was Rp 358.2 billion. The BUN claims have not yet been settled. On June 11, 1999, the Bank received a letter from EGP stating that it will deliver marketable securities totaling Rp 200.0 billion.
- On June 9, 1999, the Bank also entered into a settlement agreement with PHL whereby PHL's obligation to deliver marketable securities totaling Rp 38.0 billion was changed to a payment by check amounting to Rp 22.8 billion. The check had to be encashed not later than June 17, 1999. The Bank already received the check amounting to Rp 22.8 billion on June 17, 1999. On August 19, 1999, PHL requested the Bank to transfer the aforementioned amount of Rp 22.8 billion to the escrow account in the Bank in favor of EGP.
- From August 16 to 19, 1999, the Bank received fund transfers to the escrow account in the Bank in favor of EGP totaling Rp 523.6 billion. With these fund transfers, the total money in the escrow account amounted to Rp 546.4 billion, which were recorded as the Escrow Account qq EGP under Current Liabilities (see Note 16).
- On October 15, 1999, the transfer/cessie agreement with EGP discussed above was cancelled by virtue of the Decision Letter of the Chairman of IBRA No. SK-423/BPPN/1099. Based on this letter, the Bank was requested to take the necessary actions to gain control and ownership over the amount of Rp 904.6 billion payment received under the government guarantee scheme. Because of this, the Bank claimed back from EGP the amount of Rp 546.4 billion and recorded it as Other Receivable. In addition, the obligation of EGP to deliver the marketable securities amounting to Rp 200.0 billion was cancelled. Thus, the Bank again has claims from BUN for such amount. On the other hand, because the claims from BUN cannot be realized, the Bank provided full allowance for losses for the claims.
- On November 30, 1999, the transfer/cessie agreement with PHL discussed above was cancelled by virtue of the Decision Letter of the Chairman of IBRA No. SK-464/BPPN/1199. Based on this letter, the Bank was requested to take the necessary actions in order to ensure that it is as if the said agreement never took place. Because of this, the Bank recorded back its Tiara claims.
- Based on the Decision Letters of the Chairman of IBRA No. PB-805/BPPN/1299 and No. PB-804/BPPN/1299, both dated December 28, 1999 and also Letter No. PB-158/BPPN/0200 dated February 23, 2000 to the Bank, IBRA guaranteed the payment of the afore-mentioned receivable from EGP amounting to Rp 546.4 billion. IBRA also confirmed that the Tiara claims are eligible for repayment under the government guarantee scheme.
- The placement in BUN amounting to Rp 204.3 billion was transferred to BPPN in accordance with the Sale, Purchase and Transfer of Rights on Receivables Agreement dated September 29, 2000 which was legalized by Notary No. 1181/leg/2000 (see Note 10n).

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- The placement in Tiara amounting to US\$ 10 million had been fully paid by Tiara on September 11, 2000. The Bank also paid the call money to Tiara amounting to Rp 39 billion on the same date.

16. CURRENT LIABILITIES

This account consists of the following:

	2001	2000
<u>Rupiah</u>		
Bank Bali Escrow Account qq EGP (see Note 15)	Rp 546,466,116,369	Rp 546,466,116,369
Withholding tax payable - Articles 21, 23, 26, 4(2) and value-added tax	23,668,256,088	17,137,094,958
Creditors' accounts	17,896,081,772	33,260,305,125
Due to reinsurers	15,018,993,133	7,366,501,003
Credit cards and debit cards payable	9,727,983,915	18,905,389,984
Premiums payable	1,008,997,059	571,160,572
Dividends payable	356,361,057	356,361,057
Money transfer	142,500,884	27,508,929,559
Others	15,402,445,297	28,386,787,864
Sub-total	629,687,735,574	679,958,646,491
<u>Foreign Currencies</u>		
Money transfers	82,185,583,235	46,567,746,043
Due to reinsurers	9,847,716,232	12,095,688,497
Creditors' accounts	1,760,023,884	220,102,971
Withholding tax payable - Article 23	13,773,234	199,007,708
Others	85,690,549	24,815,929,613
Sub-total	93,892,787,134	83,898,474,832
Total	Rp 723,580,522,708	Rp 763,857,121,323

17. DEMAND DEPOSITS

This account consists of the following:

	2001		
	Rupiah	Foreign Currencies	Total
Third parties	Rp 1,007,413,321,348	Rp 1,077,578,482,029	Rp 2,084,991,803,377
Related parties	1,505,348,527	1,140,687,912	2,646,036,439
Total	Rp 1,008,918,669,875	Rp 1,078,719,169,941	Rp 2,087,637,839,816

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	2000		
	Rupiah	Foreign currencies	Total
Third parties	Rp 887,072,116,092	Rp 674,020,270,044	Rp 1,561,092,386,136
Related parties	11,653,251,165	1,296,894,550	12,950,145,715
Total	Rp 898,725,367,257	Rp 675,317,164,594	Rp 1,574,042,531,851

These related parties are associated companies and key management personnel of the Bank.

Demand deposits frozen at the end of 2001 amounted to Rp 7,408,789,072 and US\$ 961,298, while at the end of 2000 amounted to Rp 8,824,122,915 and US\$ 962,952. Demand deposits frozen are generally used to guarantee transactions with the Bank.

The annual average interest rates are 5.29% in 2001 and 4.30% in 2000 for Rupiah demand deposits and 3.48% in 2001 and 3.62% in 2000 for demand deposits denominated in foreign currencies.

18. SAVINGS DEPOSITS

This account consists of the following:

	2001	2000
Si Jempol savings	Rp 697,110,319,037	Rp 527,692,745,459
Baliprogres savings	569,008,652,902	568,678,350,706
Bali Turbo savings	308,987,327,998	327,958,379,300
Bali Direct savings	36,840,666,116	32,421,643,202
Payroll savings	36,004,274,570	-
Ambisi savings	7,183,156,287	6,233,199,533
BPR savings	5,376,115,511	3,046,463,304
Total	Rp 1,658,510,512,421	Rp 1,466,030,781,504

Savings deposits received from related parties-key management personnel as of December 31, 2001 and 2000 amounted to Rp 2,551,280,031 and Rp 1,276,835,444, respectively, or about 0.02% and 0.01% of the respective total liabilities.

Savings deposits frozen at the end of 2001 and 2000 amounted to Rp 15,693,111,424 and Rp 10,278,414,778, respectively. Saving deposits frozen are caused by wrong PIN (Personal Identification Number), the loss of cards, bundling program between credit card and certain product savings and withdrawal of deposits which are credited to savings account as requested by customers but the certificate of deposits have not been submitted by customers.

The annual average interest rate of savings deposits in 2001 and 2000 is 8.77% and 9.01%, respectively.

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19. TIME DEPOSITS

This account consists of the following:

2001			
	Rupiah	Foreign Currencies	Total
Third parties	Rp 6,069,900,421,289	Rp 698,223,314,375	Rp 6,768,123,735,664
Related parties	3,958,925,882	7,522,514,792	11,481,440,674
Total	Rp 6,073,859,347,171	Rp 705,745,829,167	Rp 6,779,605,176,338

2000			
	Rupiah	Foreign Currencies	Total
Third parties	Rp 5,148,891,430,440	Rp 508,555,481,594	Rp 5,657,446,912,034
Related parties	9,127,991,221	-	9,127,991,221
Total	Rp 5,158,019,421,661	Rp 508,555,481,594	Rp 5,666,574,903,255

The details of non bank time deposits classified according to the remaining maturity periods are as follows:

2001			
	Rupiah	Foreign Currencies	Total
1 month	Rp 5,537,464,247,680	Rp 628,698,213,800	Rp 6,166,162,461,480
3 months	473,871,034,234	59,268,031,234	533,139,065,468
6 months	23,389,051,848	15,928,525,371	39,317,577,219
12 months	39,135,013,409	1,851,058,762	40,986,072,171
Total	Rp 6,073,859,347,171	Rp 705,745,829,167	Rp 6,779,605,176,338

2000			
	Rupiah	Foreign Currencies	Total
1 month	Rp 5,028,279,915,846	Rp 462,555,449,477	Rp 5,490,835,365,323
3 months	92,956,630,262	32,706,370,272	125,663,000,534
6 months	33,125,086,390	11,131,959,960	44,257,046,350
12 months	1,928,057,618	1,310,278,328	3,238,335,946
More than 12 months	1,729,731,545	851,423,557	2,581,155,102
Total	Rp 5,158,019,421,661	Rp 508,555,481,594	Rp 5,666,574,903,255

The details of time deposits classified according to the period of time are as follows:

	2001	2000
Rupiah		
1 month	Rp 5,143,921,998,246	Rp 4,924,361,662,439
3 months	750,302,897,404	140,699,466,863

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	2001	2000
6 months	Rp 5,909,066,050	Rp 16,274,617,887
12 months	173,725,385,471	76,683,674,472
	<u>6,073,859,347,171</u>	<u>5,158,019,421,661</u>
Foreign Currencies		
1 month	615,371,669,232	456,414,136,398
3 months	60,229,827,299	22,343,378,949
6 months	8,977,166,490	12,918,090,905
12 months	21,167,166,146	16,879,875,342
	<u>705,745,829,167</u>	<u>508,555,481,594</u>
Total	<u>Rp 6,779,605,176,338</u>	<u>Rp 5,666,574,903,255</u>

Time deposits amounting to Rp 307,598 million and Rp 175,767 million as of December 31, 2001 and 2000, respectively, are pledged as collateral to the credit facilities granted by the Bank (see Note 10).

The foregoing related parties are associated companies and key management personnel of the Bank.

The annual average interest rates is 15.24% in 2001 and 12.10% in 2000 for Rupiah time deposits and 5.18% in 2001 and 5.76% in 2000 for time deposits denominated in foreign currencies.

20. ACCEPTANCES PAYABLE

Acceptances payable based on counter-party represent liabilities to other banks denominated in foreign currencies

Acceptances payable classified according to the remaining maturity periods are as follows:

	2001	2000
Less than 1 month	Rp 15,766,900,153	Rp 7,337,925,325
1 - 3 months	17,816,667,616	4,149,127,688
3 - 6 months	8,972,129,057	4,716,255,728
Total	<u>Rp 42,555,696,826</u>	<u>Rp 16,203,308,741</u>

21. TAXES PAYABLE

Taxes payable consist of the following:

	2001	2000
Estimated income tax payable (net of tax prepayments of Rp 2,003,732,195 in 2001 and Rp 1,548,013,068 in 2000 Income tax Article 25	Rp 1,682,469,005 133,807,876	Rp 1,484,074,232 113,527,400
Total	<u>Rp 1,816,276,881</u>	<u>Rp 1,597,601,632</u>

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The reconciliation between income (loss) before tax expense (benefit) as shown in the consolidated statements of income and estimated taxable income (loss) for the years ended December 31, 2001 and 2000 is as follows:

	2001	2000
Income (loss) before tax expense (benefit) per consolidated statements of income	Rp 231,248,813,559	(Rp 1,114,225,668,942)
Income (loss) before tax expense (benefit) of Subsidiaries	(94,274,144,910)	7,607,711,541
Commercial income (loss) before tax expense (benefit) - Bank	136,974,668,649	(1,106,617,957,401)
<u>Temporary differences</u>		
Rent expense	2,567,012,885	572,266,307
Dividend income	2,202,994,449	4,262,500,000
Salaries and employees' benefits	2,006,393,170	2,006,393,170
Provision for losses on real and chattel properties	1,781,682,173	(306,195,480,802)
Gain on sale of premises and equipment	240,023,816	25,705,141
Loss from loan restructuring	15,512,212	688,027,926
Provision for losses on earning assets - net	(46,377,075,444)	(317,703,072,838)
Gain on sale of investment in shares of stock	(37,040,952,064)	-
Equity in net earnings of Subsidiaries and associated companies - net	(27,295,220,460)	(24,197,842,613)
Depreciation and amortization of premises and equipment	(15,326,073,295)	(13,924,438,144)
Amortization of deferred charges	(3,275,251,850)	(1,715,555,511)
Loss on write-off of premises and equipment	(1,384,721,967)	(1,050,262,211)
Revaluation of premises and equipment - Building	-	273,645,948,060
<u>Permanent differences</u>		
Penalties	1,593,465,260	1,261,960,238
Donations and employees' benefits in kind	752,008,904	611,228,064
Rent income	(4,346,770,514)	(4,706,781,454)
Dividend income	(1,197,994,449)	(4,357,323,682)
Revaluation of premises and equipment - Land	-	(86,425,444,076)
Income from mutual fund unit	-	(1,710,361,225)
Estimated taxable income (loss) of the Bank	Rp 11,889,701,475	(Rp 1,585,530,491,051)

Taxable income of the Bank for 2001 can be compensated with the accumulated loss from previous years.

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The computation of tax expense (benefit) for the Bank and Subsidiaries is as follows:

	2001	2000
Estimated taxable income (rounded-off)		
Bank	Rp -	Rp -
Subsidiaries	13,329,004,368	10,175,851,000
Tax expense (benefit) - current year		
Bank	-	-
Subsidiaries	(3,686,201,200)	(3,032,087,300)
Deferred income tax		
Effects of temporary differences at the maximum tax rate (30%)		
Bank		
Provision for losses on earning assets - net	13,913,122,633	94,966,691,549
Premises and equipment	4,941,231,434 (	77,609,085,854)
Amortization of deferred charges	982,575,555	514,666,653
Tax loss	(15,391,772,500)	(53,029,057,500)
Rent expense	(770,103,866)	(171,679,892)
Other liabilities	(601,917,951)	(601,917,951)
Provision for losses on real and chattel properties	(534,504,652)	(9,119,428,983)
Loss from loan restructuring	(4,853,664)	(206,408,378)
Others	2,173,108,127	2,128,370,743
Estimated tax expense (benefit) - deferred - Bank	4,707,085,116	(43,127,849,613)
Subsidiary - PT Asuransi BancBali		
Nippon Fire		
Rent expense	15,116,604 (	14,970,637)
Premises and equipment	(116,616,789)	16,499,642
Salaries and employees' benefits	(71,326,232)	-
Estimated tax expense (benefit) - deferred - Subsidiary	(172,826,417)	1,529,005
Subsidiary - PT Bali Securities		
Tax loss	(366,421,396)	(133,510,036)
Premises and equipment	(1,192,459)	27,945,944
Provision for doubtful accounts	-	26,234,626
Estimated tax expense (benefit) - deferred - Subsidiary	(367,613,855)	(79,329,466)
Tax expense (benefit) - deferred - consolidated	Rp 4,166,644,844	(Rp 43,205,650,074)

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The computation of income tax payable is as follows:

	2001	2000
Tax expense - current year		
Bank	Rp -	Rp -
Subsidiaries	3,686,201,200	3,032,087,300
Tax expense per consolidated statements of income	3,686,201,200	3,032,087,300
Prepayments of income taxes - Article 25		
Bank	-	-
Subsidiaries	(2,003,732,195)	(1,548,013,068)
Total prepayments of income taxes	(2,003,732,195)	(1,548,013,068)
Estimated income tax payable	Rp 1,682,469,005	Rp 1,484,074,232

The significant effects of temporary differences between commercial and tax reporting are as follows:

	2001	2000
Bank		
Deferred income tax - assets		
Tax loss	Rp 111,294,730,000	Rp 95,902,957,500
Premises and equipment	51,384,561,981	56,325,793,415
Allowance for losses on real and chattel properties	9,653,933,635	9,119,428,983
Other liabilities	1,203,835,902	601,917,951
Allowance for losses on earning assets - net	-	5,517,112,535
Others	-	2,173,108,127
Total	173,537,061,518	169,640,318,511
Deferred income tax - liabilities		
Provision for losses on earning assets - net	8,396,010,098	-
Deferred charges	1,548,243,807	565,668,252
Rent expense	699,747,635	1,469,851,501
Loss from loan restructuring	205,619	4,859,283
Total	10,644,207,159	2,040,379,036
Deferred income tax - assets - net	162,892,854,359	167,599,939,475

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	2001	2000
Subsidiary - PT Asuransi BancBali		
Nippon Fire		
Deferred income tax - assets		
Estimated claims for self - retention	Rp 301,742,366	Rp 301,742,366
Premises and equipment	129,530,270	12,913,481
Other liabilities	71,326,232	-
Rent expenses	15,116,604	30,233,208
Deferred income tax - assets -		
Subsidiary - PT Asuransi		
BancBali Nippon Fire - net	517,715,472	344,889,055
Subsidiary - PT Bali Securities		
Deferred income tax - assets		
Tax loss	778,902,338	412,480,942
Provision for doubtful accounts	165,374	165,374
Total	779,067,712	412,646,316
Deferred income tax - liabilities		
Premises and equipment	22,522,023	23,714,482
Deferred income tax - assets -		
Subsidiary - PT Bali Securities - net	756,545,689	388,931,834
Deferred income tax - assets - consolidated	Rp 164,167,115,520	Rp 168,333,760,364

Based on the tax assessment letter on the overpayment of tax (SKPLB) No. 00145/406/99/054/01 dated June 26, 2001, the net income of the Bank in 1999 should be Rp 292,144,950,501. The Bank had submitted an objection on those SKPLB, however up to the date of the auditors' report, there is no decision from the Directorate General of Taxes.

22. TRADING ACCOUNT SECURITIES ISSUED

These trading account securities issued consist of the following:

	2001	2000
Floating Rate Certificates of Deposit (FRCD)	Rp 260,000,000,000	Rp 287,850,000,000
Drafts issued	7,888,281,982	10,140,646,888
Total	Rp 267,888,281,982	Rp 297,990,646,888

On August 15, 1997, the Bank issued to a syndicate of foreign financial institutions Negotiable Floating Rate Certificates of Deposit (FRCD) with the principal amount of US\$ 250,000 each, or totaling US\$ 30,000,000. These certificates bear annual interest at 0.85% above LIBOR and are payable every February and August. These certificates of deposit will be due in August 2002. On June 15, 2001, the FRCD which has been withdrawn amounted to US\$ 5,000,000.

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The above FRCD bear annual interest rates ranging from 4.41% to 7.73% in 2001 and from 6.79% to 7.23% in 2000.

23. FUND BORROWINGS

The details of fund borrowings are as follows:

	2001	2000
<u>Rupiah</u>		
a) Two-step loans	Rp 93,073,396,816	Rp 109,263,226,030
b) Bank Indonesia	-	96,120,297,625
c) Placements by other banks	536,795,823	430,015,665
Sub-total	93,610,192,639	205,813,539,320
<u>Foreign Currencies</u>		
a) Two-step loans	74,534,205,616	79,344,197,746
c) Placements by other banks	72,800,000,000	41,688,661,745
d) Long-term debt	462,800,000,000	1,117,054,010,018
Sub-total	610,134,205,616	1,238,086,869,509
Total	Rp 703,744,398,255	Rp 1,443,900,408,829

a) Two-Step Loans

This account consists of the following:

	2001	2000
<u>Rupiah</u>		
1) Export-Import Bank of Japan	Rp 80,402,296,816	Rp 93,399,926,030
2) Asian Development Bank	5,978,000,000	7,686,000,000
3) International Bank for Reconstruction and Development	6,693,100,000	8,177,300,000
Sub-total	93,073,396,816	109,263,226,030
<u>Foreign Currency</u>		
2) Asian Development Bank	74,534,205,616	79,344,197,746
Total	Rp 167,607,602,432	Rp 188,607,423,776

1) Export-Import Bank of Japan (EIBJ)

The Bank (through Bank Indonesia) obtained a credit facility with a maximum amount of JPY 4,080,000,000 from EIBJ. The credit facilities consist of four tranches, namely, the second tranche of EIBJ amounting to JPY 1,000,000,000 since November 10, 1989, the third tranche of EIBJ amounting to JPY 1,000,000,000 since February 4, 1991, the fourth tranche of EIBJ amounting to JPY 1,100,000,000 since January 28, 1992, and the fifth tranche of EIBJ amounting to JPY 980,000,000 since June 16, 1992.

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The loans are repayable in semi-annual installments (after a three-year grace period) commencing on April 1, 1993, January 15, 1994 and July 15, 1995 for the second, third and fourth tranches, respectively. These funding arrangements cover a period of 15 years except for the fifth tranche, which covers a period of 11 years and is repayable in semi-annual installments (after a two-year grace period) commencing on September 15, 1994.

Based on the relending agreement dated February 13, 1995, the Bank obtained an additional loan facility from EIBJ amounting to JPY 600,000,000. The loan, which covers a period of 15 years, is repayable in semi-annual installments (after a three-year grace period) commencing on December 15, 1997.

Based on the relending agreement dated November 21, 1996, the Bank obtained an additional loan facility from EIBJ amounting to JPY 2,200,000,000. The loan, which covers a period of 14 years, is repayable in semi-annual installments (after a three-year grace period) commencing on February 15, 2000.

The loans bear annual interest at rates ranging from 8.30% to 15.41% in 2001 and from 10.72% to 14.31% in 2000.

2) Asian Development Bank (ADB)

Rupiah

The Bank (through Bank Indonesia) obtained a credit facility with a maximum amount of US\$ 15,000,000 since January 24, 1990 from ADB. The loan, which covers a period of 15 years, is repayable in semi-annual installments (after a three-year grace period) commencing on July 15, 1993.

The loans bear annual interest at rates ranging from 9.01% to 9.67% in 2001 and ranging from 9.76% to 14.33% in 2000.

Foreign Currency

The Bank (through Bank Indonesia) obtained a credit facility with a maximum amount of US\$ 22,222,222 since December 29, 1993 from ADB. The loan, which covers a period of 15 years, is repayable in semi-annual installments (after a four-year grace period) commencing on August 1, 1997.

The loans bear annual interest at rates 7.20% in 2001 and ranging from 6.96% to 7.03% in 2000.

3) International Bank for Reconstruction and Development (IBRD)

The investment loan represents long-term loan granted to the Bank's customers as funded by IBRD coursed through Bank Indonesia with a maximum amount of US\$ 8,000,000 since July 27, 1989 and is used to finance small and medium industries in Indonesia. The loan used by the Bank amounted to US\$ 5,700,000. The loan, which covers a period of 15 years, is repayable in semi-annual installments (after a three-year grace period) commencing on October 1, 1992.

The loans bear annual interest at rates ranging from 9.25% to 9.82% in 2001 and from 10.28% to 14.79% in 2000.

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The Bank obtained another credit facility in accordance with the Agricultural Financing Project through Bank Indonesia with a maximum amount of US\$ 5,300,000 since June 20, 1995. The loan, which covers a period of 12 years, is repayable in semi-annual installments (after a three-year grace period) commencing on September 30, 1998.

The loans bear annual interest at rates ranging from 11.62% to 12.53% in 2001 and from 11.22% to 13.50% in 2000.

b) Bank Indonesia

Liquidity loans are obtained from Bank Indonesia to be re-loaned to local customers in the following forms:

	<u>2000</u>
<u>Parent company</u>	
Loans for primary cooperative members (KKPA)	Rp 95,615,575,825
Small-scale investment loans (KIK)	4,721,800
<u>Subsidiaries</u>	<u>500,000,000</u>
Total	Rp 96,120,297,625

The liquidity loans consist of credit facilities for KIK due in June 2001. KKPA will be due in February 2007, based on Bank Indonesia Letter No. 3/3/BKR/PAdk dated January 3, 2001, KKPA facility amounting to Rp 95,615,575,825 has been withdrawn in connection with the transfer of the KKPA project to IBRA. The liquidity loans bear annual interest at rates ranging from 3.00% to 11.00% in 2000.

c) Placements by Other Banks

This account represents outstanding balances of placements by other banks at the Bank and Subsidiaries. The annual interest rates ranged from 17.41% to 42.00% in 2001 and from 16% to 40% in 2000 for placements by other banks at BPR in Rupiah, and at 5.5% in 2001 for placement by other banks at the bank in foreign currencies and ranged from 10.09% to 10.34% in 2000 for placements by other banks at BIF in foreign currencies.

d) Long-term Debt

The placements in foreign currencies include revolving credit facilities obtained from a foreign financial institution with facilities of up to US\$ 30,000,000, US\$ 20,000,000 and US\$ 15,000,000 and bear annual interest rates of 1.00%, 1.00% and 0.70% above LIBOR, respectively. The first, second and third facilities became due on October 16, 1998, July 13, 2000 and September 12, 2001, respectively. Based on the borrowing agreement, the Bank is obliged to follow certain restrictions and has to fulfill certain obligations. The Bank did not comply with certain restrictions, relating to, among others, the change in the Bank's management in connection with the transfer of the Bank to IBRA (see Note 45i).

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On August 18, 1998, the Bank entered into an exchange offer agreement through and guaranteed by Bank Indonesia, in which loan facilities of US\$ 96,787,142 which came from the Revolving Credit Facilities of US\$ 30,000,000 and US\$ 20,000,000 and facilities from other banks of US\$ 46,787,142 were exchanged to new loans. These new loans were divided into four (4) tranches with different due dates as follows:

Tranche	Amount	Due Date
One year	US\$ 13,955,571	August 25, 1999
Two years	27,911,143	August 25, 2000
Three years	41,266,714	August 25, 2001
Four years	13,653,714	August 25, 2002

The interest for each tranche of new loans will be paid semi-annually at the rates of 2.75%, 3.00%, 3.25% and 3.50% above six months LIBOR, for tranche 1 year, 2 years, 3 years and 4 years, respectively.

The loan facilities which matured on August 25, 2000 and 1999 have been fully paid and the facilities which matured on August 25, 2001 and 2002 have been fully paid on February 25, 2001.

On May 25, 1999, the Bank entered into an exchange offer agreement through and guaranteed by Bank Indonesia, in which loan facilities of US\$ 15,000,000 were exchanged to new loans which were divided into 3 (three) tranches with different due dates as follows:

Tranche	Amount	Due Date
One year	US\$ 1,500,000	June 1, 2002
Two years	6,750,000	June 1, 2003
Three years	6,750,000	June 1, 2004

The interest for each tranche of new loans will be paid semi-annually at the rate of 2.25%, 2.375% and 2.50% above six months LIBOR, for tranches 1 year, 2 years and 3 years, respectively.

On September 10, 1993, the Bank has issued to a syndicate of foreign financial institutions Negotiable Floating Rate Certificates of Deposit with principal amount of US\$ 250,000 each, totaling US\$ 50,000,000. These certificates bear annual interest at 1.25% above LIBOR and payable semi-annually in arrears. These certificates originally became due on October 28, 1996 and were extended up to October 28, 1999 with annual interest at 0.78% above LIBOR. On December 7 and 8, 1998, the Negotiable Floating Rate Certificates of Deposit amounting to US\$ 2,000,000 and US\$ 1,500,000, respectively, were repurchased.

On May 25, 1999, the Negotiable Floating Rate Certificates of Deposit totaling US\$ 46,500,000 were included in the Exchange Offer II Program, through and guaranteed by Bank Indonesia. These facilities were exchanged to new loans which were divided into 3 (three) tranches with different due dates as follows:

Tranche	Amount	Due Date
One year	US\$ 4,350,000	June 1, 2002
Two years	19,575,000	June 1, 2003
Three years	22,575,000	June 1, 2004

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During 2001, Exchange Offer II amounting to US\$ 17,000,000 has been repurchased.

The interest for each tranche of new loans will be paid semi-annually at the rates of 2.25%, 2.375% and 2.50% above six months LIBOR, for tranches 1 year, 2 years and 3 years, respectively.

24. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

This account represents estimated loss arising from the following commitments and contingencies:

	2001	2000
<u>Rupiah</u>		
Bank guarantees	Rp 209,000,000	Rp 3,627,992,122
Irrevocable letters of credit	34,000,000	92,000,000
<u>Foreign Currencies</u>		
Irrevocable letters of credit	272,920,839	6,720,826,913
Bank guarantees	16,719,203,571	42,896,000,000
Total	Rp 17,235,124,410	Rp 53,336,819,035

The quality of commitments and contingencies transactions that have credit risks are as follows (in Rupiah millions):

	2001			2000		
Quality	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Parent Company						
Pass	24,296	40,190	64,486	9,215	326,720	335,935
Special mention	-	331,805	331,805	-	-	-
Doubtful	-	-	-	13,442	478	13,920
Total	24,296	371,995	396,291	22,657	327,198	349,855
Provision for losses	(243)	(16,992)	(17,235)	(3,720)	(49,617)	(53,337)
Net	24,053	355,003	379,056	18,937	277,581	296,518

The changes in the allowance for losses are as follows (in Rupiah millions):

	2001			2000		
Description	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Balance at beginning of year	3,720	49,617	53,337	43,352	-	43,352
Provision during the year	(3,477)	(42,763)	(46,240)	(39,632)	49,617	9,985
Exchange difference	-	10,138	10,138	-	-	-
Balance at the end of year	243	16,992	17,235	3,720	49,617	53,337

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25. OTHER LIABILITIES

This account consists of the following:

	2001	2000
<u>Rupiah</u>		
Accrued interest	Rp 58,053,610,751	Rp 36,735,226,814
Accrued expenses	32,571,103,456	31,673,106,564
Unearned premiums	12,247,867,079	11,880,848,889
Advances received	8,392,577,395	12,380,284,799
Claims payable	6,700,625,278	5,909,880,866
Guarantee deposits	6,112,635,065	5,695,614,249
Commissions payable	3,301,727,641	2,173,061,622
Others	9,635,764,705	2,365,601,159
Sub-total	137,015,911,370	108,813,624,962
<u>Foreign Currencies</u>		
Accrued interest	10,340,138,010	37,648,316,739
Advances received	1,885,179,316	46,168,757
Guarantee deposits	787,505,424	3,986,848,438
Accrued expenses	249,054,045	256,660,349
Purchase of marketable securities	-	2,964,608,289
Others	1,126,863,920	2,008,335,486
Sub-total	14,388,740,715	46,910,938,058
Total	Rp 151,404,652,085	Rp 155,724,563,020

26. CAPITAL STOCK AND CAPITAL PAID-IN EXCESS OF PAR VALUE

At the stockholders' extraordinary general meeting held on August 28, 2000 which was notarized by Notarial Deed No. 37 of A. Partomuan Pohan, S.H., LL.M., the stockholders agreed to:

- Change the Bank's Articles of Association.
- Increase the Bank's issued and fully paid capital through Limited Public Offering (Rights Issue) III, by 66,528,577,467 class B shares representing common stock with Rp 5 par value per share at the offering price of Rp 80.51 per share.
- Authorize IBRA, as the party exercising the right and authority of the Board of Commissioners of the Bank, to increase the Bank's issued and fully paid capital from Rp 336,002,916,500 to Rp 668,645,803,835.
- Transfer part of the Bank's assets to IBRA at nil values, either for the assets which are still recorded in the Bank or those already written off, consisting of:
 - a. Loans (including trading account securities and placements with other banks) which are classified as loss,
 - b. Loans which were previously classified as loss but have been restructured; and/or
 - c. Bank assets which were derived from the settlement of loans classified as loss, including ex-real and chattel properties from those loss loans.

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Based on the Decision Letter of the Chairman of IBRA No. SK-462/BPPN/1199 dated November 29, 1999, the Bank has conducted the Limited Public Offering (Rights Issue III) on August 28, 2000. The Government of the Republic of Indonesia, through IBRA as a stand-by buyer in the Rights Issue III, has participated and fully paid the 66,011,335,917 class B shares which were not subscribed by the public. The cash amounted to Rp 5,314,357,000,000. These proceeds were used to buy Government Bonds (see Note 8). The difference amounting to Rp 5,018,534,925,262 between the par value of class B shares and the offering price after deducting the expenses in connection with the Rights Issue III, is presented as Capital Paid in Excess of Par Value - Net.

Based on the Decision Letter No. KEP-06/PM/2000 dated March 13, 2000 from the Capital Market Supervisory Agency (BAPEPAM) regarding "The Guidelines in the Presentation of Financial Statements", which became effective on January 1, 2000, expenses in connection with the Bank's Limited Public Offering (Rights Issue) III amounting to Rp 4,820,615,232 were presented as deduction from the Capital Paid in Excess of Par Value - Net.

Based on the Minutes of the Stockholders' Extraordinary General Meeting held on August 28, 2000, which was notarized by Notarial Deed No. 38 of A. Partomuan Pohan, S.H., LL.M., the stockholders agreed to the changes in the Bank's Articles of Association, covering, among others, changes in the capital, shares, share certificates, directors, directors' duties and authority, directors' meeting, board of commissioners, board of commissioners' meeting, quorum, voting rights and the decision to use the profit, closure and liquidation.

The amendments of the Articles of Association of the Bank were notarized by the Notarial Deed No. 11 of A. Partomuan Pohan, S.H., LL.M., No. 11 dated November 6, 2000. Accordingly, the Bank's issued and fully paid capital became 672,005,833 class A shares with Rp 500 par value per share and 66,528,577,467 class B shares with Rp 5 par value per share, resulting to the total capital amount of Rp 668,645,803,835.

Based on the Minutes of the Stockholders' Extraordinary General Meeting held on November 23, 2000 which was notarized by Notarial Deed No. 51 of A. Partomuan Pohan, S.H., LL.M. the stockholders agreed to:

1. Change all class A shares still in the portfolio, with original Rp 500 par value per share to become class B shares with Rp 5 par value per share. Consequently, the Bank's authorized capital amounting to Rp 800,000,000,000 consists of 672,005,833 class A shares with Rp 500 par value per share and 92,799,416,700 class B shares with Rp 5 par value.
2. The changes in the composition of the Bank's boards of commissioners and directors (see Note 45i).
3. The changes in the salaries and other facilities for the Banks' members of the boards of commissioners and directors.

The details of the share ownership of the Bank are as follows:

Stockholders	2001 and 2000			
	Number of Shares Issued and Fully Paid		Percentage of Ownership	Amount
	Class A (Rp 500 par value)	Class B (Rp 5 par value)		
The Indonesian Bank Restructuring Agency	-	66,011,335,917	98.23%	Rp 330,056,679,585
Public	672,005,833	517,241,550	1.77	338,589,124,250
Total	672,005,833	66,528,577,467	100.00%	Rp 668,645,803,835

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After the recapitalization program, the Bank has fulfilled the minimum capital requirement (KPMI) as required by Bank Indonesia. Nevertheless, under the Bank Indonesia Regulation No. 2/11/PBI/2000 dated March 31, 2000, Article 5, Clause 1, the Bank's status is still as a Taken-Over Bank (BTO) since the soundness program of the Bank has not yet been completed.

Based on the letter from Clearstream Banking AG (formerly Deutsche Bourse Clearing AG/DBC AG) dated January 11, 2000, Clearstream Banking AG has declared that Clearstream Banking AG had no intention to take control of the Bank's management (see Note 45h).

The public stockholders include directors with total stockholdings of 1,779,000 shares and 1,790,000 shares or 0.002% of the total shares issued and fully paid as of December 31, 2001 and 2000, respectively.

27. DIFFERENCE IN FOREIGN CURRENCY TRANSLATION

This account represents the exchange rate differentials resulting from the translation of the financial statements of Bali International Finance Ltd., Hong Kong, from Hong Kong Dollar to Indonesian Rupiah and of the Bank's branches in Los Angeles, USA and Cayman Islands from United States Dollar to Indonesian Rupiah (see Note 2b).

28. FOREIGN CURRENCY TRANSACTIONS

The outstanding receivables and payables arising from foreign currency transactions consist of:

		Rupiah Equivalent	
	Foreign Currencies	2001	2000
Receivables			
Unrealized spot foreign currencies bought for trading			
	United States Dollar	Rp 86,847,223,528	Rp 9,699,601,044
	Japanese Yen	1,042,192,800	-
	European Euro	2,990,627,250	-
Total		Rp 90,880,043,578	Rp 9,699,601,044
Payables			
Unrealized spot foreign currencies sold for trading			
	United States Dollar	Rp 83,058,274,000	Rp 37,928,795,701
	Japanese Yen	2,608,333,200	3,921,999,017
	Singapore Dollar	1,561,478,612	2,670,402,814
	European Euro	7,229,220	1,752,988,522
	Australian Dollar	3,051,236	1,487,482,428
	Hong Kong Dollar	-	984,434,825
	British Poundsterling	-	593,786,949
	Canadian Dollar	-	103,821,413
	New Zealand Dollar	-	87,936,383
	Danish Krone	-	42,813,996
Total		Rp 87,238,366,268	Rp 49,574,462,048

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29. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of business, the Bank has transactions with related parties as follows:

- a. Loans (see Note 10).
- b. The insurance coverage on premises and equipment (see Note 14).
- c. Demand deposits, savings deposits and time deposits (see Notes 17, 18 and 19).
- d. In September 2000, the Bank has transferred and assigned all its rights and ownership in non-performing earning assets to IBRA based on the balance as of June 30, 2000 (see Note 10n).
- e. In connection with the Bank's recapitalization, the Government of the Republic of Indonesia acquired temporary investment in the Bank through the issuance of Government Bonds (see Note 8).

30. SEGMENT INFORMATION

The Bank and Subsidiaries classify their business activities into core business segments, namely, banking, deposit taking and others (insurance and securities). Information concerning the Bank and Subsidiaries' business segments are as follows:

Information by Business Segment	2001		
	Interest Income and Other Operating Income	Income (Loss) from Operations	Total Assets
Banking	Rp 1,503,168,601,615	Rp 29,391,042,419	Rp 12,937,577,640,048
Others (Insurance and Securities)	37,922,477,900	11,754,740,813	138,628,629,523
Consolidated	1,541,091,079,515	41,145,783,232	13,076,206,269,571
Elimination	(12,296,663,098)	(9,571,090,542)	(74,606,589,790)
Net	Rp 1,528,794,416,417	Rp 31,574,692,690	Rp 13,001,599,679,781

Information by Business Segment	2000		
	Interest Income and Other Operating Income	Income (Loss) from Operations	Total Assets
Banking	Rp 904,224,337,101	(Rp 930,699,765,113)	Rp 11,668,257,534,822
Deposit taking	14,375,277,978	(16,814,477,342)	196,844,856,164
Others (Insurance and Securities)	41,477,696,395	13,186,744,411	122,445,965,660
Total	960,077,311,474	(934,327,498,044)	11,987,548,356,646
Elimination	(13,508,563,211)	(8,165,197,381)	(27,546,670,241)
Net	Rp 946,568,748,263	(Rp 942,492,695,425)	Rp 11,960,001,686,405

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31. INTEREST INCOME

Interest income was derived from:

	2001	2000
Trading account securities held	Rp 874,889,030,791	Rp 244,819,310,233
Loans	251,884,007,386	226,489,697,409
Placements with other banks	83,342,164,177	103,322,478,541
Others	6,856,082,653	6,885,494,610
Total	Rp 1,216,751,265,007	Rp 581,516,980,793

32. INTEREST EXPENSE

This account represents interest incurred on:

	2001	2000
Time deposits	Rp 854,335,613,919	Rp 447,197,739,710
Savings	145,693,585,104	131,043,283,120
Demand deposits	88,324,485,769	62,589,695,971
Fund borrowings	70,111,756,887	136,899,548,407
Government guarantee premium	27,797,418,226	20,909,257,382
Trading account securities issued	3,442,381,243	10,079,567,370
Call deposits	242,904,003	60,333,536,095
Certificate of deposits	145,998	-
Total	Rp 1,189,948,291,149	Rp 869,052,628,055

33. FEES

This account consists of the following:

	2001	2000
Administration fees	Rp 65,076,680,395	Rp 37,938,216,573
Commissions from debit cards	17,198,805,231	16,919,752,973
Commissions on imports and exports	11,547,111,341	11,991,404,782
Commissions from bank note transactions	6,106,853,379	6,213,791,800
Safety deposit box fees	4,024,443,097	3,857,986,796
Commissions from bank guarantees	719,828,961	574,305,525
Commissions from brokerage	637,412,900	4,750,363,603
Management fee	325,395,124	511,319,208
Custodial service	171,020,957	239,189,505
Others	1,049,243,206	719,644,052
Total	Rp 106,856,794,591	Rp 83,715,974,817

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34. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	2001	2000
Office expense	Rp 123,563,463,989	Rp 115,544,695,968
Repairs and maintenance	52,797,509,172	46,995,929,922
Depreciation and amortization	41,429,125,807	54,624,298,602
Promotions	19,222,989,698	6,974,410,214
Total	Rp 237,013,088,666	Rp 224,139,334,706

35. SALARIES AND EMPLOYEES' BENEFITS

This account represents salaries, bonus, New Year's allowances, overtime pay, insurance, training and education expenses, and other expenses for the Bank's employees.

For the year ended December 31, 2001, the gross salaries of the Boards of Commissioners and Directors amounted to Rp 6,857,657,101, while for the year ended December 31, 2000, the gross salaries of the Boards of Commissioners and Directors, and the management and supervision team of the Bank amounted to Rp 2,536,610,863. In 2000, not all of the gross salaries of the management and supervision team were charged to the 2000 consolidated financial statements.

36. RETIREMENT BENEFITS

The Bank has a defined contribution retirement plan covering its qualified permanent employees who chose to join the retirement plan. The plan is administered by a duly appointed trustee, "Dana Pensiun Bank Bali", which has been approved by the Ministry of Finance in its Decision Letter No. KEP-320/KM.17/1994 dated November 10, 1994. Contributions to the fund are calculated based on a certain percentage of the employees' salaries. The contributions consist of the Bank and employees' contributions at 5% and 2.5%, respectively, of the employees' salaries. Retirement benefits charged to operations amounted to Rp 4,141,750,159 and Rp 3,573,545,672 for the years ended December 31, 2001 and 2000, respectively.

In 2001 and 2000, the Bank recorded an accrual for termination, gratuity and compensation expenses amounting to Rp 2,006,393,170 as provided under the Ministry of Manpower Decree No. Kep-150/Men/2000 dated June 20, 2000 regarding the Settlement of Work Dismissal and Determination of Separation, Gratuity and Compensation Payments by Companies. This accrued liability has been determined based on the actuarial valuation as of December 31, 2000 performed by PT Dian Artha Tama, an independent actuary, based on its report dated April 9, 2001 adopting the Projected Unit Credit method. Such accrual is presented as part of salaries and employees' benefits in the 2001 and 2000 consolidated statements of income.

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37. NON-OPERATING INCOME (EXPENSE) - NET

This account consists of the following:

	2001	2000
Recovery of previously absorb loss of disposed consolidated Subsidiary	Rp 83,857,349,434	Rp -
Compensation for termination agreement with PT Prudential BancBali Life Assurance (see Note 13)	61,500,000,000	-
Gain on sale of investment in shares of stocks	34,550,364,156	-
Gain on sale of real and chattel properties	8,903,653,149	6,496,434,419
Rent income	4,346,770,514	4,706,781,454
Gain on sale of premises and equipment	2,566,201,594	479,519,826
Interest earned by Subsidiaries	2,532,516,881	1,909,181,029
Donations	(78,429,350)	(259,827,153)
Loss on impairment of asset values (see Note 14)	-	(187,220,503,984)
Others - net	1,495,694,491	2,155,460,892
Net	Rp 199,674,120,869	(Rp 171,732,973,517)

38. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies to third parties are as follows:

	December 31,	
	2001	2000
COMMITMENTS		
Commitment Payables		
Unused loan facilities granted	Rp 549,221,242,915	Rp 184,241,104,539
Outstanding irrevocable letters of credit	30,716,652,181	22,656,920,375
Total Commitment Payables	579,937,895,096	206,898,024,914
CONTINGENCIES		
Contingent Receivables		
Interest receivables on non-performing loans (see Note 2u)	23,060,873,302	87,935,000,000
Contingent Payables		
Guarantees issued in the form of:		
Standby letters of credit	331,930,830,321	306,245,942,529
Performance bonds	23,754,225,751	18,459,762,464
Advance payment bonds	8,354,510,384	115,226,904
Custom bonds	790,978,362	984,554,714
Bid bonds	500,246,392	1,039,833,717
Retention bonds	244,617,843	352,957,446
Total Contingent Payables	365,575,407,053	327,198,277,774

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	December 31,	
	2001	2000
Contingent Payables - Net	(Rp 342,514,533,751)	(Rp 239,263,277,774)
COMMITMENTS AND CONTINGENCIES - NET	(Rp 922,452,428,847)	(Rp 446,161,302,688)

39. NET OPEN POSITION

Based on BI regulation, the Bank's net open position (covering all domestic and overseas branches) shall be at a maximum of 20% of the capital. The net open position is the total absolute values of the net difference of assets and liabilities, either in the balance sheets or in the administrative accounts, for each foreign currency.

	2001		(in millions)
	Assets and Administrative Asset Accounts	Liabilities and Administrative Liability Accounts	Net Open Position
United States Dollar	Rp 3,964,968	Rp 4,003,899	Rp 38,931
European Euro	29,111	24,681	4,430
Swiss Franc	2,045	30	2,015
Japanese Yen	43,399	44,522	1,123
Cayman Islands Dollar	954	131	823
Australian Dollar	18,522	19,211	689
Swedish Krone	583	-	583
New Zealand Dollar	480	161	319
Danish Krone	315	47	268
Canadian Dollar	868	601	267
British Poundsterling	3,616	3,803	187
Singapore Dollar	41,284	41,370	86
Hong Kong Dollar	1,877	1,920	43
Malaysian Ringgit	-	38	38
Total			Rp 49,802

	2000		(in millions)
	Assets and Administrative Asset Accounts	Liabilities and Administrative Liability Accounts	Net Open Position
United States Dollar	Rp 3,930,232	Rp 3,989,104	Rp 58,872
Singapore Dollar	34,111	32,238	1,873
Japanese Yen	23,276	22,349	927
European Euro	18,173	17,274	899
Swedish Krone	897	-	897
Cayman Islands Dollar	213	(501)	714
British Poundsterling	4,886	4,252	634
Swiss Franc	5,743	6,206	463
Hong Kong Dollar	2,198	2,449	251
New Zealand Dollar	462	277	185

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	2000		(in millions)			
	Assets and Administrative Asset Accounts		Liabilities and Administrative Liability Accounts		Net Open Position	
Australian Dollar	Rp	14,887	Rp	15,022	Rp	155
Danish Krone		198		43		155
Malaysian Ringgit		-		36		36
Canadian Dollar		645		652		7
Total					Rp	66,068

As of December 31, 2001 and 2000, based on the Bank's calculation as reported to Bank Indonesia, the net open position of the Bank is 17.03% and 19.57% (unaudited), respectively.

40. COMMITMENT

Build, Operate and Transfer Back Agreement

On October 8, 1992, the Bank entered into a build, operate and transfer back agreement with PT Yacolt Graha (Yacolt), a related party, which has the same stockholders as the Bank before the Bank was recapitalized, whereby the Bank agreed to transfer to Yacolt its rights and obligations with respect to the completion, utilization and operations of certain floors of the Bank's building located at Jalan Jenderal Sudirman Kavling 27, Jakarta. Yacolt will coordinate and finance the completion of the said floors and will subsequently utilize such floors for twenty (20) years commencing on the date the floors are ready for use, which was in 1993. At the end of twenty (20) years, Yacolt will transfer the floors to the Bank at no consideration. The 20-year period may be extended based on the terms negotiated and upon approval of the Capital Investment Coordinating Board, if required. The Bank has the right to exercise early transfer option based on the agreed price. The construction of the other floors of the aforementioned building which are excluded from the above agreement is borne by the Bank. As of December 31, 2001, the Bank has 21 floors, either funded by itself or through early transfer option, while Yacolt has 3 floors and the car park areas.

41. OTHERS MATTERS

- The Bank conducts trusteeship activity as a paying agent. Fee for the trusteeship activity which are recorded in the consolidated statement of income amounted to Rp 712,727,856 and Rp 705,910,061 for 2001 and 2000, respectively.
- The Bank conducts custodianship activity based on the decision letter of the Chairman of Capital Market Supervisory Agency (BAPEPAM) No. KEP-99/PM/1991 dated April 23, 1991. Fee for custodial are recorded in the consolidated statement of income amounted to Rp 171,020,957 and Rp 239,189,505, respectively (see Note 33).
- As of December 31, 2001 and 2000, ratio of classified earning assets to total earning assets amounted to 0.64% and 5.94%, respectively.
- As of December 31, 2001 and 2000, the Bank's capital adequacy ratio (CAR) amounted to 8.9% and 13.5% (unaudited). In the computation of CAR as of December 31, 2001, CAR is computed using the circular letter of Bank Indonesia No. 3/21/PBI/2000 dated December 13, 2001.

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The computation of Bank's CAR is as follows (in Rupiah millions):

	December 31,	
	2001	2000 (Unaudited)
Core capital		
Paid-up capital	Rp 668,646	Rp 668,646
Reserves in additional capital		
Additional paid in capital in excess of par value - net	5,023,052	5,023,052
Previous years losses	(5,503,920)	(4,396,271)
Current year income after tax (50%)	68,488	-
Current year loss	-	(1,106,618)
Difference in foreign currency translation	(17,276)	(14,966)
Supplementary capital (maximum 100% of core capital)		
Revaluation increment in premises and equipment	43,574	43,574
General reserves on provision for losses of earning assets (maximum 1.25% of RWA)	41,003	31,161
Subordinated loan (maximum 50% of core capital)	119,495	86,922
Total of core capital and supplementary capital	443,062	335,500
Investments in shares of stocks	(150,648)	-
Total capital	Rp 292,414	Rp 335,500
Risk weighted assets (RWA)	Rp 3,280,226	Rp 2,492,853
Capital adequacy ratio of the Bank	8.9%	13.5%
Required capital adequacy ratio	8.0%	4.0%

42. ECONOMIC CONDITION

Starting in the middle of 1999, the Indonesian economy shown signs of improvement as indicated by the decrease in the interest rates of the Certificates of Bank Indonesia and inflation rate. However, the Rupiah exchange rate as compared to US Dollar, as of December 31, 2000 has depreciated than that of December 31, 1999 and continued to weaken as of December 31, 2001. Up to March 28, 2002 the Rupiah exchange rate as compared to US Dollar has further improved. The economic condition in Indonesia will continue to be affected by the social and political stability, the success of the bank recapitalization, and on-going debt restructuring.

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In connection with the Bank's recapitalization, the Bank's directors have prepared a management plan to address the operational issues and the resolution of the Bank's labor problem. The two-way communication between the Bank's directors and employees is done regularly in the form of the management forum and direct communication with the Bank's employees.

The Bank's management plan is divided into short-term and long-term plans.

The short-term plans of the Bank are as follows:

1. Increase the activity of loan granting, for consumer and commercial loan, without ignoring the prudent banking. Commercial loans will be granted to all segments to spread the credit risk, and give priority to small and medium business scale (in accordance with Bank's internal definition) in relation with the Government program to encourage the granting of KUK and UKM.
2. Consider to buy non-performing loan portfolio which have been restructured by IBRA through the exchange of Government Bonds in accordance with the capability of the Bank.
3. Manage the non-performing loans which were focused on the efforts to avoid the decline in the loan quality which gives effect to the increase in non-performing loans ratio and decrease in the Bank's net income.
4. Increase the quality services and arrange programs for increasing awareness on products, services and networking of the Bank as part of the customers' retention and acquisition effort to increase the public funds from customers.
5. Optimize the use of existing electronic distribution channel and add feature and partner.
6. Increase the fee based income through cross selling, product bundling, develop foreign exchange product and other product with fee based income basis to increase the cooperation with other partner.
7. Increase the investment activities in trading account securities selectively by giving attention to high yield factor, risks, and not influenced the CAR position, without ignoring the Bank's function as intermediary institution.
8. Applying efficiency program continuously.
9. Improve the operational banking procedures by focusing on the operational quality.
10. Developed technology in sectors which give direct impact in increasing income, services, competitiveness and efficiency without ignoring the customers' need.
11. Manage the networking efficiently and effectively, whereby the addition, reduction or relocation of networking will be done selectively based on the business prospects, need, location, efficiency and effectiveness.
12. Develop human resources continuously.

The long-term plans of the Bank are as follows:

1. Gather public funds by focusing on increasing the customers for savings and current account to obtain the cheap and stable funding.
2. Expand the electronic distribution channel.
3. Increase fee based income.
4. Develop better loan portfolio through proportional management for all business segments and industry segments by considering the potentials and risks from each business and industry segments. The focus of the loan granting is to consumer loans, commercial loans for small and medium business scale without ignoring the potentials of big business scale.
5. Giving added value to commercial customer by giving guidance to small-sized customers to become medium-sized customers and develops media which can help the customers to manage their finance.
6. Create efficient, effective and secure operational banking.
7. Manage the business risks at the tolerable level.

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The consolidated financial statements for the years ended December 31, 2001 and 2000 include the effects of the economic condition to the extent they can be determined and estimated. Resolution of the economic condition depends on the monetary, fiscal and other measures that have been and will be undertaken by the Indonesian Government, actions which are beyond the Bank's and Subsidiaries' control. Therefore, it is not possible to determine the future effects the economic condition may have on the Bank's and Subsidiaries' earnings and the realization of their earning assets, including the effects flowing through from the Bank's and Subsidiaries' customers, creditors, depositors and stockholders.

43. GOVERNMENT GUARANTEES ON THE OBLIGATIONS OF DOMESTIC BANKS

The Ministry of Finance in its decision letter No. 26/KMK.017/1998 dated January 28, 1998 issued government guarantees on domestic bank liabilities including demand deposits, savings deposits, time deposits and deposits on call, bonds, trading account securities issued, interbank call money, fund borrowings, swaps/hedges/futures, derivatives and other contingent liabilities which are bank guarantees, standby letters of credit, performance bonds and other liabilities except subordinated loans and liabilities to directors, commissioners and related parties. The guarantee carries a term of two years starting on January 26, 1998 up to January 31, 2000. Based on the joint decrees No. 32/46/KEP/DIR and No. 181/BPPN/0599 of the Directors of Bank Indonesia and the Chairman of IBRA dated May 14, 1999, the term of guarantees has been automatically extended for six months, unless IBRA, within six months before the end of this term, announces that it will not extend the term. Further, the Ministry of Finance issued its decision letter No. 179/KMK.017/2000 dated May 26, 2000 to replace the abovementioned decision letter regarding the government guarantee on domestic bank liabilities, which is effective from January 26, 1998 up to January 31, 2001. The term of guarantee will be automatically extended for six months continuously, unless the Ministry of Finance, within six months before the end of the term, announces that it will not extend the term.

44. JOINT DECREE BETWEEN THE MINISTRY OF FINANCE AND THE GOVERNOR OF BANK INDONESIA ON THE RECAPITALIZATION PROGRAM OF COMMERCIAL BANKS

The Joint Decree of the Ministry of Finance and the Governor of Bank Indonesia No. 53/KMK.017/1999 and No. 31/12/KEP/GBI dated February 8, 1999, regarding the recapitalization program for commercial banks, provided, among others that:

1. The commercial banks which are eligible to participate in the recapitalization program are the banks categorized as B, which have Capital Adequacy Ratio (CAR) of lower than 4% but not exceeding negative 25%. These banks are obliged to prepare a business plan that should be submitted to Bank Indonesia, and their controlling shareholders, members of commissioners and directors should fulfill the "Fit and Proper Test".
2. The public banks which participate in the recapitalization program can offer new shares through a limited public offering (Rights Issue) or without the conduct of a rights issue. Their controlling shareholders are obliged to make cash payment of at least 20% of the newly issued shares in order to fulfill the 4% CAR. In case the public banks conduct the Rights Issue and the controlling shareholders can not fulfill their obligation to pay the required 20%, their obligation can be fulfilled together with/or all by other strategic investors. The new shares that are not subscribed by the shareholders or the public will be subscribed by the government, acting as the stand-by buyer.

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Based on the Joint Decree of the Ministry of Finance and the Governor of Bank Indonesia No. 117/KMK.017/1999 and No. 31/15/KEP/GBI dated March 26, 1999, regarding the implementation of the recapitalization program of banks which were taken-over (BTO), the government shall acquire temporary investment in the bank at the minimum amount to meet the minimum capital adequacy ratio requirement of 4%. The required temporary investment will be determined based on the due diligence review of an independent party appointed by IBRA.

45. SIGNIFICANT DECISION LETTERS AND AGREEMENTS

- a. Based on the Decision Letter of the Governor of Bank Indonesia No. 1/14/KEP.DpG/1999 dated July 23, 1999, Bank Indonesia placed the Bank under the management and supervision of IBRA to improve the Bank's soundness, settle the Bank's assets and recover the government funds. This arrangement is a temporary transfer until such time that the negotiation between the investor and the government is completed, the new stockholder is approved by the government and Bank Indonesia, and the additional capital is paid in cash by the new stockholder in accordance with the regulation.
- b. Based on the Decision Letter of the Chairman of IBRA No. SK-368/BPPN/0899 dated August 4, 1999, the Bank was declared eligible to participate in the recapitalization program for Taken-Over Banks (BTO).
- c. Based on the Decision Letter of the Chairman of IBRA No. SK-418/BPPN/1099 dated October 7, 1999, IBRA released Hendri Kurniawan and Rusli Suryadi from their responsibilities as members of the management team and the support team, respectively. At the Bank's Stockholders' Extraordinary General Meeting held on November 23, 2000, both of them have been given honorable discharge as members of the Bank's directors. In relation with this matter, both of them asked about their work contracts as directors, which ended in June 2001, and the claims for lawyer's expenses in the Bank's case where both of them serve as directors of the Bank. As of December 31, 2001 and 2000, the Bank has accrued the amount of Rp 5,200,000,000 for compensation and estimated claims for lawyers' fees.
- d. Based on the Memorandum of Understanding between PT Telekomunikasi Indonesia Tbk (Telkom) and the Bank dated May 24, 2000, the Bank and Telkom have decided to cooperate in e-commerce activities, among others, but not limited to Business to Business (B to B) and Wireless Application Protocol (WAP). The agreement will expire on May 24, 2002.
- e. In relation to the previous legal dispute between Herman Ramli, Rudy Ramli and Bank Indonesia as well as IBRA, regarding the placement of the Bank under the supervision of IBRA, on July 17, 2000, a Reconciliation Agreement has been signed by Bank Indonesia, IBRA, Herman Ramli, Rudy Ramli and PT Sarijaya Wirasentosa. They have agreed, among others, to:
 - Terminate Case No. 138/G/TUN/1999/PTUN-JKT which was under appeal at the DKI Jakarta State Administrative Court.
 - Approve and will propose to the Capital Market Supervisory Agency (BAPEPAM) to suspend the Bank's shares which are owned by Deutsche Bourse Clearing AG (DBC AG), including the voting rights and pre-emptive rights to purchase shares issued by the Bank in connection with the rights issue. The suspension will be in effect until the Bank's shares which are owned by DBC AG can be identified.

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- In relation to the divestment of the Bank, Herman Ramli, Rudy Ramli and PT Sarijaya Wirasentosa will participate in accordance with the existing regulations.
 - Follow and observe every government regulation regarding the Bank's recapitalization, including eliminating every and all legal barriers, so that the preparation and the conduct of the Bank's recapitalization can be done properly.
 - Herman Ramli, Rudy Ramli and PT Sarijaya Wirasentosa released Bank Indonesia, IBRA and the Bank from any action done relating to the preparation and implementation of Decision Letter of the Government of Bank Indonesia No. 1/14/KEP.DpG/1999, Decision Letter of the Chairman of IBRA No. SK-328/BPPN/0799 and Decision Letter of the Chairman of IBRA No. SK-329/BPPN/0799, and commit not to file a lawsuit against the aforementioned parties.
- f. Based on the Letter of KKSK No. S-188/M.EKUIIN/07/2000 dated July 17, 2000, authorizing IBRA to continue the negotiations with Rudy Ramli and Herman Ramli, and the signing of the Reconciliation Agreement dated July 17, 2000, IBRA sent Letter No. PB-750/BPPN/0700 dated July 18, 2000 to the Bank. The letter stated that the Management Team of the Bank continue the necessary course of actions in connection with the recapitalization program of the Bank, coordinate with BAPEPAM, and prepare for the schedule of the rights issue as approved by BAPEPAM and the Stock Exchange Authorities.
- g. IBRA and Rudy Ramli entered into a settlement agreement which is integral to the Reconciliation Agreement (see Note 45e) on July 17, 2000. The agreement stated that IBRA has approved to pay in cash, after deduction of tax, the amount of Rp 9,000,000,000 to Rudy Ramli at the day of the Bank recapitalization.
- h. Based on BAPEPAM Letter No. S.2158/PM/2000 dated August 22, 2000, BAPEPAM has instructed the Management Team of the Bank to freeze the rights and benefits from shares, including the voting rights in the stockholders' general meeting and the right to buy shares in the rights issue, of the Bank's shares listed in the name of DBC AG.
- i. With the conduct of the Bank's Extraordinary General Meeting of Stockholders on November 23, 2000, the members of the Boards of Commissioners and Directors had been appointed based on the results of the meeting. However, based on the current regulation, these appointments should be approved by BI. Hence, in the meantime, the appointed members of the Boards of Commissioners and Directors became the management team and supervision team in accordance with the decision letter of the Chairman of IBRA.

Based on the Decision Letter of the Chairman of IBRA No. SK-2159/BPPN/1100 dated November 30, 2000, IBRA decided to release Kemas M. Arief, Agresius Kadiaman, Budi Purwanto and Budi Ismail from being members of the management team of the Bank and appointed Thomas Tan Tjio Tong, Andrew Hardi Hanubrata and Joseph Georgino Godong as new members of the management team. Accordingly, the new Management Team is as follows:

Chairman and member	:	Dradjat Bagus Prasetyo
Member	:	Hendry Khendy
Member	:	Nandi H. Hamaki
Member	:	Sjahfiri Gaffar
Member	:	Thomas Tan Tjio Tong
Member	:	Andrew Hardi Hanubrata
Member	:	Joseph Georgino Godong

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Based on Decision Letter of the Chairman of IBRA No. SK-2160/BPPN/1100 dated November 30, 2000, IBRA decided to release J.B. Sumarlin from being a member of the supervision team of the Bank and appointed Chandra Purnama, Emri and Kemas M. Arief as new members of the supervision team. Accordingly, the new Supervision Team is as follows:

Chairman and member	:	I Nyoman Suwandha
Member	:	Chandra Purnama
Member	:	Emri
Member	:	Kemas M. Arief

- j. In relation to the temporary investment of the Government of the Republic of Indonesia (qq IBRA) in the Bank, on May 2, 2001, the Bank together with IBRA has signed the Management Agreement which represents the performance agreement as the implementation of the obligation as stated in the Joint Decision Letter (SKB) No. 117/KMK.017/1999 and 31/15/KEP/GBI dated March 26, 1999 (SKB) and Temporary Investment Agreement in the Bank and IBRA dated October 9, 2000.
- k. On November 20 and 22, 2001, the government announced the merger plan of the Bank with other 4 Banks. In relation to this, IBRA has issued Letter No. PB-740/BPPN/1101 dated November 21, 2001 which among other things, stated that the Bank's management should carry utmost professionalism and prudent attitude in conducting the operations of the Bank nearing the implementation of the government policy regarding the merger of banks. Other matters relating to the technical implementation and application concept of the merger will be informed in the future by IBRA.
- l. Based on the Memorandum of Understanding between PT Landas Nimpuna Teknologi and the Bank dated January 9, 2001, the Bank and PT Landas Nimpuna Teknologi have decided to cooperate in giving services of purchase and sell securities transaction through e-trading facility which was developed by Landas and custodial services owned by Bank Bali. The agreement will be ended if there is an agreement between both parties.

46. SUBSEQUENT EVENTS

a. Net Open Position

The Bank's Net Open Position as of March 28, 2002 (unaudited) with details is as follows:

	March 28, 2002		(in millions)	
	Assets and Administrative Asset Accounts	Liabilities and Administrative Liability Accounts	Net Open Position	
United States Dollar	Rp 3,657,079	Rp 3,716,134	Rp	59,055
Singapore Dollar	43,551	49,867		6,316
European Euro	31,253	26,943		4,310
Swiss Franc	2,315	274		2,041
Japanese Yen	52,189	53,343		1,154
Australian Dollar	11,350	12,213		863
Hong Kong Dollar	1,023	522		501
British Poundsterling	3,626	3,388		238
Cayman Islands Dollar	331	113		218

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	March 28, 2002		(in millions)	
	Assets and Administrative Asset Accounts	Liabilities and Administrative Liability Accounts	Net Open Position	
Swedish Krone	Rp 101	Rp 2	Rp	99
New Zealand Dollar	711	640		71
Canadian Dollar	450	514		64
Malaysian Ringgit	-	36		36
Danish Krone	35	58		23
Total			Rp	74,989

- b. Bank's Legal Lending Limit (LLL) as of March 28, 2002 (unaudited) has not exceeded the LLL requirements for related parties, while for third parties has exceeded these requirements by Rp 235.9 billion.
- c. Bank's Capital Adequacy Ratio (CAR) as of March 28, 2002 is 11.20% (unaudited)
- d. Based on the closing license of PT Bank Bali Tbk branch located in Los Angeles, U.S.A. from the "Licensing Deputy Directorate and Banking Information of Banks Indonesia" No. 4/42/DPIP/Prz dated January 31, 2002 and the approval Letter from the Commissioner of Financial Institutions dated February 13, 2002, the Los Angeles Branch was officially closed on February 15, 2002.
- e. Based on the Agreement Letter of the Ministry of Finance No. S-84/MK.01/2002 dated March 26, 2002, the Bank has converted the Fixed Rate Bonds series FR0004 and FR0009, amounting to Rp 1,430,788,000,000 and Rp 1,226,390,000,000, respectively, into Variable Rate Bonds with the following composition:
- Series VR0013

Total principal	:	Rp 664,294,000,000
Maturity date	:	January 25, 2008
 - Series VR0014

Total principal	:	Rp 664,295,000,000
Maturity date	:	August 25, 2008
 - Series VR0016

Total principal	:	Rp 1,328,589,000,000
Maturity date	:	July 25, 2009

The interest on the abovementioned bonds are payable every three (3) months in arrears, on January 25, April 25, July 25 and October 25 of each year for series VR0013 and VR 0016, and on February 25, May 25, August 25 and November 25 of each year for series VR0014.

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47. LEGAL MATTERS

- a. On February 5, 1997, the Bank filed a lawsuit against Santosa Widjaja at the High Court of Singapore, as personal guarantor, for loans granted to PT Cakra Ekacemerlang Elektrindo (CEE). CEE defaulted in the payment of loans amounting to US\$ 8 million. On November 4, 1997, the High Court of the Republic of Singapore dismissed the case. In retaliation, Santosa Widjaja filed a lawsuit against the Bank for libel, wherein such lawsuit has been filed in Indonesia through the District Court of West Jakarta. On February 18, 1999, the West Jakarta District Court, based on its Decision Letter No. 318/PDT/G/1998/PN.JKT.BAR ordered the Bank to pay compensation amounting to Rp 2,141,765,000 and US\$ 6,000,000. However, the Bank filed an appeal which was accepted by the High Court on September 14, 1999 based on its Letter No. PTS.Pdt.1878.2929.1999 dated November 11, 1999.

On February 14, 2000, based on the Decision Letter of the West Jakarta District Court on Case No. 816/PDT/1999/PT.DKI.jo.NO.318/PDT.G/1998/PN.JKT.BAR., the High Court of DKI Jakarta ordered the Bank to pay the compensation amounting to Rp 467,000,000 and US\$ 1,000,000. However, the Bank and Santosa Widjaja filed an appeal to the Supreme Court of the Republic of Indonesia. The litigation file has been received by the Supreme Court of the Republic of Indonesia on December 1, 2000 and was registered with No. 3650K/Pdt/2000.

- b. On September 17, 1998, at the High Court of the Republic of Singapore, the Bank representing the syndicated lenders, filed an ex parte application and obtained worldwide mareva injunction to freeze the assets of Bambang Sutrisno, an indemnifier of PT Surya Supratama Finance (SSF) and other defendants including Gina Widjaja (Sutrisno's wife). SSF defaulted the payment of the syndicated loan amounting to US\$ 16,500,000.

In retaliation, Gina Widjaja filed a lawsuit against the Bank for libel amounting to US\$ 15 million. On March 10, 1999, the South Jakarta District Court ordered the confiscation of certain assets of the Bank based on its Decision Letter No. 93/Pdt.G/1999/PN.Jak-Sel. However, the Chief of the South Jakarta District Court, in his letters (Reference No. W7-Dd.Ht.04.10.01.1062 and W7-Dd.Ht.04.10.01.1063) dated March 19, 1999, has ordered that there will be no confiscation of the aforesaid assets of the Bank until further notice.

On April 27, 2000, the South Jakarta District Court had issued a court judgment not to accept the lawsuit of Gina Widjaja and therefore the Court Order No. 20/1999 jo No. 93/Pdt.G/1999/PN.Jak-Sel was overruled and was not binding. Nevertheless, Gina Widjaja filed an appeal to the Jakarta High Court with registration No.401/Pdt/2000/PT.DKI.

On October 27, 2000, the Jakarta High Court issued a judgment to endorse the ruling of the South Jakarta District Court dated April 27, 2000. On January 23, 2001 Gina Widjaja filed an appeal to the Supreme Court. On April 19, 2001, the Bank has issued Contra Cassation Memorandum through the South Jakarta District Court. On August 24, 2001, the Supreme Court registered the memorandum with No. 2737K/Pdt/2001.

In addition, on February 11, 1999, based on the Case Registration No. 035/Pdt.G/1999/PN.JKT.BAR., Gina Widjaja filed a lawsuit against Bambang Sutrisno and the Bank/syndicated creditors. Gina Widjaja was contesting the validity of the Indemnity and Guarantee agreement given by her husband to the Bank on loan of SSF involving conjugal properties. Gina Widjaja was claiming for compensation totaling about Rp 1,200,000,000.

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This case had been decided by the West Jakarta District Court on August 25, 1999, in favor of the Bank. However, Gina Widjaja filed an appeal in the High Court of DKI Jakarta registered under case No. 210/PDT/2000/PT.DKI. On November 3, 2000, the High Court of DKI Jakarta issued a decision upholding the decision of the West Jakarta District Court No. 035/Pdt.G/1999/PN.JKT.BAR. dated August 25, 1999. Gina Widjaja filed an appeal on January 19, 2001 and such appeal had been notified to the Bank on April 19, 2001. On May 2, 2001, the Bank submitted Contra Cassation Memorandum dated May 1, 2001 through West Jakarta District Court. The litigation file had been received by the Supreme Court on May 9, 2001 and was registered with the case No. 1818K/Pdt/2001.

In February 2002, based on the report from the Bank's legal counsel, there is an information that on July 27, 2001, on the case No. 1818K/Pdt/2001 the Supreme Court decided to overrule the decision of the High Court of DKI Jakarta and stated that the Indemnity and guarantee agreement given by her husband (Bambang Sutrisno) was declared as null and void by the law. However, the Bank has not yet obtained the formal decision from the Supreme Court. Based on the report from the Bank's legal counsel, the Bank can apply for a Judicial Review (Peninjauan Kembali) to the Supreme Court of the Republic of Indonesia as an appeal for the judgement passed.

- c. On June 28, 1999, based on the Registration Letter No. 224/Pdt.G/1999/PN.JKT.BAR., PT Samarinda Pratama Gemilang Enterprises (SPGE) filed a lawsuit against the Bank for the use of information about SPGE as evidence in the High Court of the Republic of Singapore in the case against Santosa Widjaja. SPGE is claiming for the confiscation of the Bank's office in Jalan Hayam Wuruk, West Jakarta and compensation totaling about US\$ 15,100,000. On September 30, 1999, the court decided to approve part of SPGE's claim totaling about US\$ 10,100,000, if the decision has final legal binding. The Bank did not accept this decision and filed an appeal on December 17, 1999 through the West Jakarta District Court.

On November 2, 2000, based on the Decision Letter No. 302/PDT/2000/PT DKI, the High Court decided to accept the appeal of the Bank and overruled the Decree of the West Jakarta District Court No. 224/Pdt.G/1999/PN.JKT.BAR dated September 30, 1999. Based on that decision, PT Samarinda Pratama Gemilang Enterprise had filed an appeal on July 3, 2001 and submitted a Cassation Memorandum on July 13, 2001. The Bank proposed a Contra Cassation Memorandum to the Supreme Court of The Republic of Indonesia on August 6, 2001.

- d. On September 24, 1999, based on the Decision Letter No. 448/Pdt.G/1999/PN.Jak.Sel., EGP filed a lawsuit against the Bank in relation to the transfer/cessie agreement for BDNI's and BUN's claims from the Bank to EGP. The Bank was deemed to have breached its agreement with EGP. Because of this, EGP is claiming for the confiscation of the Bank's land and building known as Bank Bali Tower and the properties in Bintaro as well as compensation totaling about Rp 2,536,000,000,000. EGP also demanded to be stated as the owner of the funds from the settlement of the above claims, which is deposited in the escrow account under the control of Bank Indonesia. Up to now, the case is still pending in court. Based on the opinion of the Bank's legal counsel, the lawsuit does not have a strong legal basis.

On April 18, 2000, based on the Decision of the South Jakarta District Court regarding the case No. 448/Pdt.G/1999/PN.Jak.Sel, the South Jakarta District Court declared that the transfer/cessie agreement for BDNI's and BUN's claims from the Bank to EGP is valid and binding. Therefore, EGP has rights on the funds placed in the "Escrow Account" amounting to

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Rp 546,466,116,369. On June 5, 2000, the Bank had filed an appeal to the High Court of Jakarta (PT DKI) and registered with case No. 487/Pdt/2000/PT DKI. The case was already decided by the High Court of Jakarta on March 23, 2001, by the basic decision is to uphold the decision of the South Jakarta District Court No. 448/Pdt.G/1999/South Jakarta District Court dated April 18, 2000. For this decision, on June 6, 2001 the Bank filed an appeal to the Supreme Court of The Republic of Indonesia and submitted a Cassation Memorandum on June 18, 2001.

- e. On November 24, 1999, based on the Decision Letter No. 148/G.TUN/1999/PTUN-JKT., Drs. Setya Novanto filed a lawsuit against IBRA at the State Administrative Court in connection with the cancellation of the transfer/cessie agreement between the Bank and EGP based on the Decision Letter of the Chairman of IBRA No. SK-423/BPPN/1099 dated October 15, 1999. The plaintiff is claiming for Rp 5,000,000 and requires that the cancellation letter be declared as null and void, and the decision letter be withdrawn.

On November 30, 1999, based on the decision of the Jakarta State Administrative Court regarding the Case No. 148/G.TUN/1999/PTUN-JKT, the Jakarta State Administrative Court ordered the postponement of the implementation of the Decision Letter of the Chairman of IBRA No. SK-423/BPPN/1099 dated October 15, 1999 regarding the cancellation of transfer/cessie agreement with EGP.

On March 2, 2000, based on the letter of IBRA's Attorney No. 044/GN/II/2000 dated March 2, 2000, the Jakarta State Administrative Court (JSAC) accepted the lawsuit of EGP against the Chairman of IBRA in connection with the issuance of the Decision Letter of the Chairman of IBRA No. SK-423/BPPN/1099 regarding the cancellation of the transfer/cessie agreement between the Bank and EGP, which was registered in the Jakarta State Administrative Court Secretariat No. 148/G.TUN/1999/PTUN-JKT. Because of this decision, IBRA filed an appeal in the State Administrative High Court dated March 8, 2000. According to IBRA's Legal Division, the JSAC's decision dated March 2, 2000 does not have a final binding power. Therefore, the Decision Letter of the Chairman of IBRA No. SK-423/BPPN/1099 regarding the cancellation of the transfer/cessie agreement between the Bank and EGP is not yet declared null and void by law.

On July 26, 2000, the Jakarta State Administrative High Court based on its Letter No. 096/B/2000/PT.TUN-JKT. decided to uphold the Decree of JSAC No. 148/G.TUN/1999/PTUN-JKT dated March 2, 2000.

However, on September 12, 2000, IBRA filed the appeal of such case based on the cassation application letter No. 072/KAS-2000/PTUN-JKT. Up to now, the case is still under review by the Supreme Court of the Republic of Indonesia.

- f. On February 29, 2000, based on the Decision Letter No. 019/G.TUN/2000/PTUN-JKT., Joko Soegiarto Tjandra, President Director of PT Persada Harum Lestari (PHL), filed a lawsuit against IBRA at the Jakarta State Administrative Court. The lawsuit is about the cancellation of the transfer/cessie agreement between the Bank and PHL based on the Decision Letter of the Chairman of IBRA No. SK-464/BPPN/1199 dated November 30, 1999. The Plaintiff is claiming for compensation amounting to Rp 5,000,000 and to declare as null and void and cancel such decision letter. This case is still pending in court. According to the Bank's legal counsel, provided that the plaintiff does not have valid and legally binding proofs and is not legally valuable, there is a reason as provided by Article 53 (2) of the Law No. 5 Year 1986 and, therefore, the Defendants' action cannot be categorized by the State Administrative Court as a decision that is disadvantageous to the Defendant's interest, contrary to law and at same time exceeding authority.

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On August 30, 2000, the JSAC decided to accept the appeal of the Plaintiff. However, IBRA filed an appeal based on "Akta Permohonan Banding" No. 091/BD/2000/PTUN.JKT on September 13, 2000, and based on the appeal, JSAC through the "Surat Pemberitahuan Putusan Banding" No. 08/B/2001/PT.TUN-JKT to IBRA decided the IBRA's appeal on the Decision of PTUN Jakarta No. 019/G.TUN/2000/PTUN.JKT dated August 30, 2000, where the decision was to uphold the decision of PTUN Jakarta No. 019/G.TUN/2000/PTUN-JKT dated August 30, 2000.

Since the decision of JSAC Jakarta No. 08/B/2001/PT.TUN-JKT dated March 15, 2001 is unfavorable to IBRA, IBRA through its legal Counsel on June 20, 2001, filed an appeal to the Supreme Court of the Republic of Indonesia in respect to the Decision of JSAC Jakarta No. 096/B/2000/PT.TUN-Jkt dated July 26, 2000 through "Akta Permohonan Kasasi" No. 045/KAS-2001/PTUN-JKT and submitted Memorandum of Cassation on July 3, 2001. Up to now, the case is still under review by the Supreme Court of the Republic of Indonesia.

- g. On May 4, 1999, the Bank foreclosed the collateral from PT Atlantik Prakarsa amounting to Rp 40,000,000,000 through "Perjanjian Pengikatan Jual-Beli (PPJB)". However, the rights on those foreclosed assets cannot be extended because such collateral are already the subject of attachment by a third party through case No. 189/Pdt.G/2000/PN.Jkt.Pst on May 12, 2000. In this case and attachment by a third party, the Bank's customers (PT Atlantik Prakarsa) became Plaintiff II, however the Bank is not included in those cases. In order to protect the rights of the Bank on those foreclosed assets, the Bank submitted an intervention towards the case. Those cases had been decided by the Central Jakarta District Court on December 6, 2000 with the decision rejecting the lawsuit of Plaintiff and Intervention Plaintiff. Both of them have filed an appeal to the Central Jakarta District Court in December 2000 and was registered at High Court with register No. 75/PDT/2002/PT.DKI. However, up to now, there has been no decision yet on those cases from the High Court.

On January 4, 2001, the same Plaintiff (Wien Royani, who claimed as the owner of the certificate HGB No. 99/foreclosed assets of the Bank) has filed a new lawsuit to the Bank (as Defendant V) in the case No. 03/Pdt.G/2001/PN. Jkt. Pst, to declare the Plaintiff as the legal owner of the certificate SHGB No. 99. Through the lawsuit, on May 28, 2001, the District Court decided to fulfill part of the request and declared that the Plaintiff (third party) was given the Priority Rights to extend the ownership of the landrights. Based on this decision, the Bank filed an appeal on June 8, 2001.

Since there is an indication of counterfeiting of all evidences used by the Plaintiff on two cases above (No. 189/Pdt.G/2000/PN.Jkt.Pst and No. 03/Pdt.G/2001/PN. Jkt. Pst), so that the Bank and the debtor have reported the use of counterfeiting of evidences to the Polda Metro Jaya on August 22, 2001 with the case No. Pol 2302/K/VIII/2001/SATGA OPS"A". At present, the report is still being processed by the Polda Metro Jaya, and it is expected that this criminal report could be used to keep the Bank in strong position in the civil case, which is still under investigation.

- h. On November 2, 2001, through the Decision Letters No. 506 and 507/Pdt.G/2001/PN South Jakarta, Rusli Suryadi and Hendri Kurniawan (Plaintiffs) (former Directors of Bank) filed lawsuits against the Bank at the South Jakarta District Court. Those lawsuits relate to the requests for compensation payments arising from the accusation that the Bank breached its agreement with them regarding the job contracts which were prepared between them and the Bank whereby the person who represented the Bank in the job contracts were the Board of Commissioners at that time. With claims amounting to Rp 17 billion and Rp 17.5 billion for R. Suryadi and H. Kurniawan, respectively, and claiming for the attachment of land and building of Bank Bali Tower 17th up to 23rd floors. According to the opinion from the Bank's legal counsel, which were submitted to

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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The South Jakarta District Court, as stated in its reply letter to the lawsuit from the Plaintiffs, it was stated that the Plaintiffs resigned as the directors of the Bank based on the regulation whereby the resignation was due to the application of the Decision Letter of the Governor of BI No. 12/Depot/2000 dated July 25, 1999, whereby based on such decision letter, the Bank has been placed under control as a Taken-Over Bank. Based on Article 40(a) of the government regulation No. 17 Year 1999, all related rights have transferred to IBRA, and in this regard, the resignation of Plaintiffs as the Bank's Directors was in accordance with the law and in accordance with the Bank's Articles of Association, Article 11 (9) item e. In the reply letter from the Bank's legal counsel, it was also stated that if the Plaintiffs had wanted to file a lawsuit, it should have been against IBRA, as the party that had taken over their rights at that time (see Note 45c). Up to now, the case is still under investigation in the South Jakarta District Court.

- I. On December 10, 2001, through the Registration Letter No. 558/Pdt.G/2001/PN. South Jakarta, (South Jakarta District Court), as the Bank's former President Director, filed lawsuits against the Bank in the South Jakarta District Court. This lawsuit was related to the requests for compensation amounting to Rp 34 billion which arose on the same accusation of the former directors (see Note 47b). Based on the lawsuit, the Bank has filed a lawsuit (rekompensasi), as the Plaintiff invoked the decision of Article 6 of the Reconciliation Agreement dated July 17, 2000, which has been signed and signed by the Plaintiff together with Bank Indonesia and IBRA. In the Reconciliation Agreement, it was agreed not to file a lawsuit against the Bank relating to the decision of the Decision Letter of the Chairman of IBRA No. 326 and No. 329. It should also be noted that upon the implementation of the Reconciliation Agreement, the Plaintiff received the compensation amounting to Rp 6 billion, which is evidenced by the Consent and Release Letter signed by the Plaintiff on October 31, 2000.

The Bank's management believes that the final outcome of these legal matters will not have a material adverse effect on the results of the operations and financial position of the Bank.

6. TAXATION MATTERS

Based on the results of the examination of the Directorate General of Taxes for the 1999 fiscal year, the Bank had been assessed for tax under-payment amounting to Rp 80.76 billion consisting of Rp 67.61 billion and Rp 13.15 billion, respectively. From the examination results, the amount of Rp 65.89 billion represents taxes payable Article 23, which is related to the Bank's transaction of the taxes that should have been withheld by the Bank relating to the transaction of the Bank's transaction (see Note 15). In the Bank's management opinion, the transaction is a bank service transaction and is not broker services transactions, therefore, the transaction is not an object of Article 23.

The Bank has submitted an objection letter on this assessment and based on the Bank's tax assessment, the assessment does not have legal binding power and hence, no provision for such assessment has been made in the consolidated financial statements.

7. SEGMENT REPORTING MATTERS

In 2001, the Indonesian Institute of Accountants issued the revised PSAK No. 5, "Segment Reporting" which is applicable for comparative purposes) for financial statements with periods ending on or after January 1, 2002. PSAK No. 5 provides more detailed guidance for identifying and reporting segments and geographical segments. The Bank and Subsidiaries are still in the process of preparing pronouncement in their consolidated financial statements.

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

50. PROFORMA CONSOLIDATED FINANCIAL STATEMENTS INFORMATION

As disclosed in Note 1c, in September 2001, the Bank sold all the shares of the consolidated subsidiary. The following are proforma consolidated balance sheets, proforma consolidated statements of income and proforma consolidated changes in stockholders' equity as of December 31, 2000, with the assumption that the consolidated subsidiaries have been sold on January 1, 2000.

Proforma Consolidated Balance Sheets

	December 31, 2000
ASSETS	
CASH	Rp 367,660,657,691
CURRENT ACCOUNTS WITH BANK INDONESIA	529,391,027,895
CURRENT ACCOUNTS WITH OTHER BANKS	118,302,777,990
Allowance for losses	-
Net	118,302,777,990
PLACEMENTS WITH OTHER BANKS	2,114,392,628,523
Allowance for losses	(20,449,828,300)
Net	2,093,942,800,223
TRADING ACCOUNT SECURITIES HELD	
Trading	663,939,391,242
Held - to - maturity	5,385,994,918,321
Total trading account securities held	6,049,934,309,563
Allowance for losses	(794,724,618)
Net	6,049,139,584,945
DERIVATIVES RECEIVABLE	511,676,211
Allowance for losses	-
Net	511,676,211
LOANS	1,322,321,584,885
Unearned interest income	(275,879,071)
Allowance for losses	(378,828,085,850)
Net	943,217,619,964

(Forward)

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

Proforma Consolidated Balance Sheet (Continued)

	December 31, 2000
PREMIUMS RECEIVABLE	Rp 8,030,799,661
ACCEPTANCES RECEIVABLE	16,203,308,741
Allowance for losses	(162,033,087)
Net	16,041,275,654
DEFERRED INCOME TAX ASSETS - Net	168,333,760,364
INVESTMENTS IN SHARES OF STOCK	
Equity Method	67,682,496,825
Cost Method	
Not in the framework of loan restructuring	16,885,579,692
In the framework of loan restructuring	-
Allowance for losses	(10,379,578,300)
Net	74,188,498,217
PREMISES AND EQUIPMENT	
Carrying value	783,281,122,614
Accumulated depreciation and amortization	(198,653,016,060)
Net Book Value	584,628,106,554
OTHER ASSETS	
Other receivables	546,466,116,369
Accrued interest receivable	141,757,433,975
Real and chattel properties	75,260,258,693
Prepaid expenses	20,539,979,551
Others	76,693,650,902
Total Other Assets	860,717,439,490
TOTAL ASSETS	<u>Rp 11,814,106,024,859</u>

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

Profoma Consolidated Balance Sheet (Continued)

	<u>December 31, 2000</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES	
CURRENT LIABILITIES	Rp 763,857,121,323
DEPOSITS	
Demand deposits	1,566,099,949,512
Savings	1,466,030,781,504
Time deposits	5,655,168,312,043
Total Deposits	<u>8,687,299,043,059</u>
DEPOSITS FROM OTHER BANKS	27,332,652,000
DERIVATIVES PAYABLE	284,597,583
ACCEPTANCES PAYABLE	16,203,308,741
TAXES PAYABLE	1,597,601,632
TRADING ACCOUNT SECURITIES ISSUED	297,990,646,888
FUND BORROWINGS	1,402,211,747,084
ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES	53,336,819,035
OTHER LIABILITIES	150,403,598,102
Total Liabilities	<u>11,400,517,135,447</u>
MINORITY INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES	29,602,337,416
STOCKHOLDERS' EQUITY	
Capital stock	668,645,803,835
Additional paid in capital in excess of par value - net	5,023,052,000,762
Difference in foreign currency translation	(14,965,541,337)
Revaluation increment in premises and equipment	43,574,050,734
Deficit	(5,336,319,761,998)
Stockholders' Equity - Net	<u>383,986,551,996</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>Rp 11,814,106,024,859</u>

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
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Proforma Consolidated Statements of Income

	<u>For the Year Ended December 31, 2000</u>
INCOME AND EXPENSES FROM OPERATIONS	
Interests Income	
Interest	Rp 574,709,762,308
Fees and commissions	33,893,478,674
Total Interests Income	<u>608,603,240,982</u>
Interest Expense	
Interests	865,094,009,453
Fees and commissions	1,475,454,501
Total Interests Expense	<u>866,569,463,954</u>
Interest Income (Expense) - Net	<u>(257,966,222,972)</u>
Other Operating Income	
Fees	79,636,541,341
Gain on exchange difference - net	184,327,322,275
Premiums earned	27,399,235,268
Equity in net earnings of associated company	15,786,093,412
Gain on sale of trading account securities held - net	893,168,066
Dividend income (cost method)	65,573,682
Gain on valuation of trading account securities held for trading - net	986,451,509
Others	17,489,938,938
Total Other Operating Income	<u>326,584,324,491</u>
Provision for Losses on Earning Assets	553,670,472,775
Provision for Losses on Commitments and Contingencies	9,985,009,460
Other Operating Expenses	
General and administrative	220,841,476,953
Salaries and employees' benefits	165,379,910,958
Others	44,361,990,881
Total Other Operating Expenses	<u>430,583,378,792</u>
LOSS FROM OPERATIONS	<u>(925,620,759,508)</u>

(Forward)

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

Proforma Consolidated Statements of Income (Continued)

	For the Year Ended December 31, 2000
NON-OPERATING EXPENSES - Net	(Rp 171,732,283,460)
LOSS BEFORE TAX EXPENSE (BENEFIT)	(1,097,353,042,968)
TAX EXPENSE (BENEFIT)	
Current year	3,032,087,300
Deferred	(43,205,650,074)
TOTAL TAX EXPENSE (BENEFIT)	40,173,562,774
LOSS BEFORE MINORITY INTEREST IN NET EARNINGS OF CONSOLIDATED SUBSIDIARIES	(1,057,179,480,194)
MINORITY INTEREST IN NET EARNINGS OF CONSOLIDATED SUBSIDIARIES	(6,310,627,594)
NET LOSS	(Rp 1,063,490,107,788)
NET LOSS PER SHARE	(Rp 60)

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

PT BANK BALI Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

Proforma Consolidated Statements Of Changes In Stockholders' Equity

For The Year Ended December 31, 2000

	Capital Stock Issued and Fully Paid	Additional Paid in Capital in Excess of Par Value - Net	Difference in Foreign Currency Translation	Revaluation Increment in Premises and Equipment	Deficit	Stockholders' Equity - Net
Balance, January 1, 2000	Rp 336,002,916,500	Rp 4,517,075,500	Rp 140,010,219,421	Rp 145,575,327,401	(Rp 4,272,829,654,210)	(Rp 3,646,724,115,388)
Limited Public Offering (Rights Issue III)	332,642,887,335	5,018,534,925,262	-	-	-	5,351,177,812,597
Adjustment in difference in foreign currency translation	-	-	(154,975,760,758)	-	-	(154,975,760,758)
Impairment in value of premises and equipment	-	-	-	(102,001,276,667)	-	(102,001,276,667)
Net loss for the year	-	-	-	-	(1,063,490,107,788)	(1,063,490,107,788)
Balance, December 31, 2000	Rp 668,645,803,835	Rp 5,023,052,000,762	(Rp 14,965,541,337)	Rp 43,574,050,734	(Rp 5,336,319,761,998)	Rp 383,986,551,986

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

51. RECLASSIFICATION OF ACCOUNTS

In compliance with the Revised PSAK 31 and PAPI which are effective on January 1, 2001, certain accounts in the consolidated financial statements as of December 31, 2000 has been reclassified to conform with the presentation of accounts in the consolidated financial statements as of December 31, 2001 as follows:

- Cash amounting to Rp 5,625,000 has been reclassified to Other Assets.
- Accrued Interest Receivable amounting to Rp 146,106,539,094 has been reclassified to Other Assets.
- Prepaid Expenses amounting to Rp 20,573,857,826 has been reclassified to Other Assets.
- Demand Deposits amounting to Rp 5,993,266,787 has been reclassified to Deposits from Other Banks.
- Time Deposits amounting to Rp 11,744,385,213 has been reclassified to Deposits from Other Banks.
- Time Deposits amounting to Rp 287,850,000,000 has been reclassified to Trading Account Securities Issued.
- Other Liabilities - Provision for losses on administrative accounts amounting to Rp 53,336,819,035 has been reclassified to Estimated Losses on Commitments and Contingencies.
- Other Liabilities - Provision for losses on administrative accounts amounting to Rp 162,033,087 has been reclassified to Allowance for losses - Acceptances Receivable.
- Other Liabilities - Unearned Interest Income amounting to Rp 275,879,071 has been reclassified as a deduction from Loans.
- Other Liabilities amounting to Rp 511,676,211 has been reclassified to Derivatives Receivable.
- Other Liabilities amounting to Rp 284,597,583 has been reclassified to Derivatives Payable.
- Accrued Interest Payable amounting to Rp 74,383,543,553 has been reclassified to Other Liabilities.
- Other Operating Income - Others amounting to Rp 762,591,372 has been reclassified to Interest Income - Interest.
- Other Operating Income - Other Fees and Commissions amounting to Rp 1,118,944,599 has been reclassified to Interest Income - Fees and Commissions.
- Interest Expense - Fees and Commissions amounting to Rp 20,909,257,382 has been reclassified to Interest Expense - Interest.

PT BANK BALI Tbk AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For The Years Ended December 31, 2001 And 2000

(In Rupiah)

- Other Operating Income - Other Fees and Commissions amounting to Rp 2,722,364,208 has been reclassified to Other Operational Income - Others.
- Other Operating Income - Others amounting to Rp 4,608,495,509 has been reclassified to Other Operational Income - Fees.
- Provision for Losses on Earning Assets amounting to Rp 986,451,509 has been reclassified to Other Operating Income - Gain on Valuation of Trading Account Securities Held for Trading.
- Provision for Losses on Earning Assets amounting to Rp 9,985,009,460 has been reclassified to Provision for Losses on Commitments and Contingencies.
- Other Operating Income - Others amounting to Rp 893,168,066 has been reclassified to Other Operating Income - Gain on Sale of Trading Account Securities Held.
- Non Operating Income - Others amounting to Rp 15,942,571,099 has been reclassified to Other Operating Income - Equity in Net Earnings of Associated Companies, Dividend Income (Cost Method) and Others at Rp 15,786,093,412, Rp 65,573,682 and Rp 90,904,005, respectively,
- Reversal of Provision for Losses on Earning Assets amounting to Rp 11,406.039,104 has been reclassified to Other Operating Expenses - Others.
- Other Operating Expenses - Others amounting to Rp 241,320,294 has been reclassified to Non-Operating Expenses - Others.
- Other Operating Expenses - Provision for Losses and Decline in Market Value amounted to Rp 565,125,423,994 has been reclassified to Provision for Losses on Earning Assets.

Attached is the Financial Statements of PT Bank Bali Tbk as a Parent Company which consist of Balance Sheets as of 31 December 2001 and 2000, Statements of Income, Statements of Changes in Stockholders' Equity, Statements of Cash Flows for the year ended 31 December 2001 and 2000 and Notes to Financial Statements.

This Financial Statements is presented for the purpose of additional analysis to the Consolidated Financial Statements.



ANDERSEN

PRASETIO, UTOMO & CO.

**PT Bank Bali Tbk
(Parent Company Only)**

**Financial Statements
For The Years Ended December 31, 2001 And 2000
(Indonesian Currency)**

May 6, 2002

Letter No. UO-2020

The Board of Directors
PT Bank Bali Tbk

Prasetio, Utomo & Co.
Registered Public Accountants
Business License No. KEP-616/KM.17/1998
A member firm of Andersen Worldwide SC

Wisma 46 Kota BNI Levels 25-28
Jalan Jenderal Sudirman Kav 1
Jakarta 10220
Indonesia

Tel 62 21 575 7999
Fax 62 21 574 4521

www.andersen.com

Dear Sirs,

The accompanying financial statements of PT Bank Bali Tbk (Parent Company Only) for the years ended December 31, 2001 and 2000 were derived from the audited consolidated financial statements of PT Bank Bali Tbk and Subsidiaries for the years ended December 31, 2001 and 2000 (not presented herein) on which we have rendered our unqualified opinion thereon dated March 28, 2002.

As discussed in Note 2j to the financial statements, for the purpose of presenting "Parent Company Only" financial statements, the Bank's investments in shares of stock of subsidiaries and associated companies where it owns at least 20% ownership interest are accounted for under the equity method.

The accompanying financial statements are presented at the request from the Bank's management.

Very truly yours,
PRASETIO, UTOMO & CO



Drs. Nunu Nurdyaman
Partner

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
BALANCE SHEETS
(In Rupiah)

	December 31,	
	2001	2000 (As Restated- see Note 3)
ASSETS		
CASH (Notes 2a and 4)	Rp 184,838,988,820	Rp 367,545,758,049
CURRENT ACCOUNTS WITH BANK INDONESIA (Notes 2a and 5)	529,617,310,848	529,391,027,895
CURRENT ACCOUNTS WITH OTHER BANKS (Notes 2a, 2b, 2i and 6)	66,449,441,218	110,965,083,816
Allowance for losses	(708,916,731)	-
Net	65,740,524,487	110,965,083,816
PLACEMENTS WITH OTHER BANKS (Notes 2c, 2i and 7)	695,237,330,075	2,043,736,194,617
Allowance for losses	(4,884,316,400)	(20,437,361,946)
Net	690,353,013,675	2,023,298,832,671
TRADING ACCOUNT SECURITIES HELD (Notes 2d, 2i, 8 and 28)		
Trading	1,876,379,336	661,860,298,555
Held-to-maturity	7,596,157,435,667	5,367,994,918,321
Total trading account securities held	7,598,033,815,003	6,029,855,216,876
Allowance for losses	(16,919,902,109)	(794,724,618)
Net	7,581,113,912,894	6,029,060,492,258
DERIVATIVES RECEIVABLE (Notes 2e, 2i and 9)	1,076,814,856	511,676,211
Allowance for losses	(10,768,160)	-
Net	1,066,046,696	511,676,211
LOANS (Notes 2f, 2h, 2i, 2q, 10, 18 and 28)		
Third parties	2,142,487,514,914	1,288,950,573,523
Related parties	1,939,350,473	8,443,405,697
Unearned interest income	(245,621,480)	(275,879,071)
Allowance for losses	(159,401,076,964)	(378,528,473,050)
Net	1,984,780,166,943	918,589,627,099

(Forward)

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
BALANCE SHEETS (Continued)
(In Rupiah)

	December 31,	
	2001	2000 (As Restated- see Note 3)
ACCEPTANCES RECEIVABLE (Notes 2g, 2i, 3 and 11)		
Allowance for losses	Rp 42,555,696,826 (425,556,976)	Rp 16,203,308,741 (162,033,087)
Net	42,130,139,850	16,041,275,654
DEFERRED INCOME TAX ASSETS - Net (Notes 2v and 20)	162,892,854,359	167,599,939,475
INVESTMENTS IN SHARES OF STOCK (Notes 2f, 2i, 2j and 12)		
Equity Method	140,877,950,986	119,403,182,163
Cost Method		
Not in the framework of loan restructuring	10,058,755,104	16,686,579,692
In the framework of loan restructuring	2,407,551,348	-
Allowance for losses	(1,806,495,368)	(10,379,578,300)
Net	151,537,762,070	125,710,183,555
PREMISES AND EQUIPMENT (Notes 2h, 2i, 13, 28 and 38)		
Carrying value	746,866,821,832	778,478,629,095
Accumulated depreciation and amortization	(215,055,212,865)	(196,451,213,116)
Net Book Value	531,811,608,967	582,027,415,979
OTHER ASSETS		
Other receivables (Note 14)	546,466,116,369	546,466,116,369
Accrued interest receivable (Note 14)	245,005,548,561	140,830,212,515
Real and chattel properties - net (Notes 2m and 14)	46,590,619,208	75,147,958,884
Prepaid expenses (Notes 2k and 14)	21,574,760,170	19,821,702,165
Others (Notes 2l, 2n, 2o and 14)	89,179,551,090	69,553,384,380
Total Other Assets	948,816,595,398	851,819,374,313
TOTAL ASSETS	Rp12,874,698,925,007	Rp11,722,560,686,975

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
BALANCE SHEETS (Continued)
(In Rupiah)

	December 31,	
	2001	2000 (As Restated- see Note 3)
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
CURRENT LIABILITIES (Notes 14 and 15)	Rp 697,739,666,481	Rp 743,455,847,098
DEPOSITS		
Demand deposits (Notes 2h, 2p, 16 and 28)		
Third parties	2,083,105,739,171	1,552,979,595,360
Related parties	6,611,008,631	14,839,544,424
Total Demand Deposits	2,089,716,747,802	1,567,819,139,784
Savings (Notes 2h, 2p, 17 and 28)		
Third parties	1,650,583,116,879	1,461,707,482,756
Related parties	2,551,280,031	1,276,835,444
Total Savings	1,653,134,396,910	1,462,984,318,200
Time Deposits (Notes 2h, 2p, 18 and 28)		
Third parties	6,724,277,084,686	5,627,961,043,389
Related parties	21,476,903,225	14,278,706,027
Total Time Deposits	6,745,753,987,911	5,642,239,749,416
Total Deposits	10,488,605,132,623	8,673,043,207,400
DEPOSITS FROM OTHER BANKS	19,652,899,293	27,332,652,000
DERIVATIVES PAYABLE (Notes 2e and 9)	174,880,576	284,597,583
ACCEPTANCES PAYABLE (Notes 2g, 3 and 19)	42,555,696,826	16,203,308,741
TRADING ACCOUNT SECURITIES HELD (Note 21)	267,888,281,982	297,990,646,888
FUND BORROWINGS (Note 22)	703,207,602,432	1,401,281,731,419
ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (Notes 2i and 23)	17,235,124,410	53,336,819,035

(Forward)

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
BALANCE SHEETS (Continued)
(In Rupiah)

	December 31,	
	2001	2000 (As Restated- see Note 3)
OTHER LIABILITIES		
(Notes 2u, 24 and 34)	Rp 123,695,674,574	Rp 125,645,324,815
Total Liabilities	12,360,754,959,197	11,338,574,134,979
STOCKHOLDERS' EQUITY		
Capital stock - par value per share of Rp 500 for Class A shares and Rp 5 for Class B shares Authorized - 672,005,833 Class A shares and 92,799,416,700 Class B shares Issued and fully paid - 672,005,833 Class A shares and 66,528,577,467 Class B shares (Notes 1 and 25)	668,645,803,835	668,645,803,835
Additional paid in capital in excess of par value - net (Notes 1 and 25)	5,023,052,000,762	5,023,052,000,762
Difference in foreign currency translation (Notes 2u and 26)	(17,275,711,056)	(14,965,541,337)
Revaluation increment in premises and equipment (Notes 2l and 13)	43,574,050,734	43,574,050,734
Deficit	(5,204,052,178,465)	(5,336,319,761,998)
Stockholders' Equity - Net	513,943,965,810	383,986,551,996
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	Rp12,874,698,925,007	Rp 11,722,560,686,975

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
STATEMENTS OF INCOME
(In Rupiah)

	For The Years Ended December 31,	
	2001	2000 (As Restated- see Note 3)
INCOME AND EXPENSES FROM OPERATIONS		
Interest Income		
Interests (Notes 2q and 29)	Rp 1,195,167,608,719	Rp 557,831,769,926
Fees and commissions (Note 2r)	53,045,375,911	35,105,188,387
Total Interest Income	1,248,212,984,630	592,936,958,313
Interest Expense		
Interests (Notes 2q and 30)	1,184,781,041,013	863,942,860,487
Fees and commissions (Note 2r)	3,139,542,124	1,475,454,501
Total Interest Expense	1,187,920,583,137	865,418,314,988
Interest Income (Expense) - Net	60,292,401,493	(272,481,356,675)
Other Operating Income		
Fees (Notes 2s and 31)	107,466,678,658	77,947,361,364
Gain on exchange difference - net (Note 2u)	71,861,977,313	183,877,205,170
Equity in net earnings of subsidiaries and associated companies (Notes 2j and 12)	27,295,220,460	24,197,842,613
Gain on sale of trading account securities held - net (Note 2d)	8,791,279,898	724,239,438
Dividend income (cost method) (Notes 2j and 12)	83,423,527	65,573,682
Gain (loss) on valuation of trading account securities held for trading - net (Note 2d)	(1,668,164,092)	1,147,434,342
Others	24,038,533,722	17,399,601,633
Total Other Operating Income	237,868,949,486	305,359,258,242
Provision (reversal of allowance) for Losses on Earning Assets (Note 2i)	(122,370,748,561)	553,484,703,967
Provision (reversal of allowance) for Losses on Commitments and Contingencies (Notes 2i and 23)	(46,239,949,963)	9,985,009,460
Other Operating Expenses		
General and administrative (Notes 2l, 2n and 32)	231,679,252,499	216,302,242,297
Salaries and employees' benefits (Notes 2t, 33 and 34)	180,698,996,067	159,111,250,105
Others	30,458,693,153	26,560,997,233
Total Other Operating Expenses	442,836,941,719	401,974,489,635

(Forward)

These Financial Statements are Originally Issued in Indonesian Language.

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
STATEMENTS OF INCOME (Continued)
(In Rupiah)

	For The Years Ended December 31,	
	2001	2000 (As Restated- see Note 3)
INCOME (LOSS) FROM OPERATIONS	Rp 23,935,107,784	(Rp 932,566,301,495)
NON-OPERATING INCOME (EXPENSES) - Net (Notes 2l, 2m, 12, 13 and 35)	113,039,560,865	(174,051,655,906)
INCOME (LOSS) BEFORE TAX EXPENSE (BENEFIT)	136,974,668,649	(1,106,617,957,401)
TAX EXPENSE (BENEFIT) (Notes 2v and 20) Deferred	4,707,085,116	(43,127,849,613)
NET INCOME (LOSS)	Rp 132,267,583,533	(Rp 1,063,490,107,788)
NET INCOME (LOSS) PER SHARE (Note 2w)	Rp 2	(Rp 60)

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

These Financial Statements are Originally Issued in Indonesian Language.

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In Rupiah)

For The Years Ended December 31, 2001 And 2000

	Capital Stock Issued and Fully Paid	Additional Paid in Capital in Excess of Par Value - Net	Difference in Foreign Currency Translation	Revaluation Increment in Premises and Equipment	Deficit	Stockholders' Equity - Net
Balance, January 1, 2000	Rp 336,002,916,500	Rp 4,517,075,500	Rp 8,488,697,773	Rp 145,575,327,401	(Rp 4,272,828,654,210)	(Rp 3,780,245,637,036)
Limited Public Offering (Rights Issue) III (Notes 1 and 25)	332,642,887,335	5,018,534,925,282	-	-	-	5,351,177,812,597
Adjustment in difference in foreign currency translation (Note 26)	-	-	(21,454,239,110)	-	-	(21,454,239,110)
Impairment in value of premises and equipment (Notes 21 and 13)	-	-	-	(102,001,278,667)	-	(102,001,278,667)
Net loss for the year	-	-	-	-	(1,063,490,107,788)	(1,063,490,107,788)
Balance, December 31, 2000	668,645,803,835	5,023,052,000,762	(14,965,541,337)	43,574,050,734	(5,336,319,761,998)	383,986,551,966
Adjustment in difference in foreign currency translation (Note 26)	-	-	(2,310,169,719)	-	-	(2,310,169,719)
Net income for the year	-	-	-	-	132,267,583,533	132,267,583,533
Balance, December 31, 2001	Rp 668,645,803,835	Rp 5,023,052,000,762	(Rp 17,275,711,056)	Rp 43,574,050,734	(Rp 5,204,052,178,465)	Rp 513,943,965,810

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
STATEMENTS OF CASH FLOWS
(In Rupiah)

		For The Years Ended December 31,	
		2001	2000 (As Restated- see Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interests, fees and commissions received	Rp 1,251,504,327,242	Rp 575,149,798,410	
Gain on foreign exchange - net	86,283,238,317	258,727,205,170	
Non-operating income - net	76,274,736,295	13,581,090,601	
Other operating income	31,161,649,528	12,530,777,675	
Interests, fees and commissions paid	(1,192,712,589,657)	(888,978,197,737)	
Other operating expenses	(402,766,935,467)	(350,054,628,867)	
Loss before changes in operating assets and liabilities	(150,255,573,742)	(379,043,954,748)	
Changes in operating assets and liabilities:			
Decrease (increase) in operating assets:			
Placements with other banks	1,348,498,864,542	(153,492,729,468)	
Trading account securities held - trading	659,986,605,014	(496,424,818,820)	
Loans	(948,438,843,206)	(309,778,611,177)	
Other assets	33,683,103,067	50,121,562,424	
Increase (decrease) in operating liabilities:			
Current liabilities			
Deposits from banks and non banks	(45,716,180,617)	(16,337,731,912)	
Demand	524,754,540,522	(30,826,002,953)	
Savings	190,150,078,710	(70,582,916,295)	
Call deposits	-	2,420,000,000	
Time	1,092,977,553,284	1,517,094,461,002	
Other liabilities	2,842,356,279	(804,169,338)	
Difference in foreign currency translation	(12,130,855,009)	51,924,587,052	
Net Cash Provided by Operating Activities	2,696,351,648,844	164,269,675,767	

(Forward)

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
STATEMENTS OF CASH FLOWS (Continued)
(In Rupiah)

		For The Years Ended December 31,	
		2001	2000 (As Restated- see Note 3)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment in a Subsidiary	Rp	33,775,152,451	Rp -
Proceeds from sale of premises and equipment and unused premises and equipment		6,214,387,970	184,818,703
Proceeds from sale of investment in shares of stock of an associated company		6,000,000,000	-
Cash dividends received from investments in shares of stock		2,286,417,976	1,213,073,682
Increase in trading account securities held - held to maturity	(	2,228,162,517,346)	(5,184,343,272,572)
Acquisitions of premises and equipment	(	15,284,724,876)	(17,673,418,685)
Decrease in investments in shares of stock		-	1,131,130,737
Increase in investments in shares of stock		-	(27,720,000)
Net Cash Used in Investing Activities	(	2,195,171,283,825)	(5,199,515,388,135)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in fund borrowings	(	698,074,128,987)	88,892,817,734
Decrease in trading account securities issued	(	30,102,364,906)	(231,133,716,727)
Proceeds from issuance of capital stock		-	5,351,727,327,597
Net Cash Provided by (Used in) Financing Activities	(	728,176,493,893)	5,209,486,428,604
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(	226,996,128,874)	174,240,716,236
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,007,901,869,760	833,661,153,524
CASH AND CASH EQUIVALENTS AT END OF YEAR	Rp	780,905,740,886	Rp 1,007,901,869,760

(Forward)

These Financial Statements are Originally Issued in Indonesian Language.

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
STATEMENTS OF CASH FLOWS (Continued)
(In Rupiah)

For The Years Ended December 31,			
		2001	2000 (As Restated- see Note 3)
Cash and cash equivalents consist of:			
Cash	Rp	184,838,988,820	Rp 367,545,758,049
Current accounts with Bank Indonesia		529,617,310,848	529,391,027,895
Current accounts with other banks		66,449,441,218	110,965,083,816
Total	Rp	780,905,740,886	Rp 1,007,901,869,760

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
NOTES TO FINANCIAL STATEMENTS
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

1. GENERAL

a. The Establishment of the Bank and General Information

PT Bank Bali Tbk (the Bank) was established in Indonesia on December 17, 1954 based on the Notarial Deed No. 228 of Eliza Pondaag, S.H., replacing Raden Mas Soerojo, S.H. The deed of establishment was approved by the Ministry of Justice in its Decision Letter No. J.A.5/2/2 dated January 4, 1955 and was published in the State Gazette No. 22 dated March 18, 1955, Supplement No. 292. Its Articles of Association has been amended several times, most recently by the Notarial Deed No. 17 dated February 12, 2001 of Mr. Suprpta, S.H., replacing Mr. A. Partomuan, S.H., LL.M. concerning the change of all Class A shares which are still in the portfolio, with original Rp 500 par value per share, to Class B shares with Rp 5 par value per share. This amendment was approved by the Ministry of Justice and Human Rights in its decision letter No : C-00193 HT.01.04.TH.2001 dated April 19, 2001.

The Bank's head office is located in Jakarta with address at Jalan Jenderal Sudirman Kavling 27. As of December 31, 2001, the Bank has 243 domestic branches and sub-branches. In addition, the Bank's network also includes 2 overseas branches located in Los Angeles, U.S.A. and Cayman Islands. Overseas representative offices located in Singapore and Shanghai were closed in May 2001 and September 2001, respectively.

The Bank started its commercial operations on January 5, 1955.

According to Article 3 of the Bank's Articles of Association, the scope of activities of the Bank is to engage in general banking. Aside from the normal banking activities, the Bank also performs custodianship, trusteeship and management of pension funds.

b. The Bank's Public Offerings

On January 15, 1990, based on the license from the Ministry of Finance No. SI-070/SHM/MK.10/1989 dated December 2, 1989, the Bank's 3,999,000 shares with a total par value of Rp 3,999,000,000 had been offered to the public through the Initial Public Offering and had been listed at the Jakarta and Surabaya Stock Exchanges.

At the Stockholders' Extraordinary General Meeting held on July 5, 1990, the Bank had offered to the existing stockholders additional new shares through the Limited Public Offering (Rights Issue) I of 15,508,000 shares with Rp 1,000 par value per share. Under this Rights Issue, each existing stockholder had been given the right to buy one (1) additional new share at a price of Rp 8,000 per share for every three (3) old shares owned. Based on the Letter of Approval of the Capital Market Supervisory Agency (BAPEPAM) No. S-1424/PM/1990 dated September 8, 1990, these additional shares had been listed at the Jakarta Stock Exchange. Such shares had also been listed at the Surabaya Stock Exchange based on its letter No. 461/D-70/BES/IX/90 dated September 24, 1990.

Based on the Letter of Approval No. S-1739/PM/1990 dated November 5, 1990 of the Chairman of BAPEPAM, the Bank had listed additional 42,525,000 founders' shares at the Jakarta and Surabaya Stock Exchanges.

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
NOTES TO FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

At the Stockholders' Extraordinary General Meeting held on June 18, 1992, the Bank declared bonus shares totaling 124,064,000 shares with Rp 1,000 par value per share. Under this bonus shares issuance, each existing stockholder was given the right to have two (2) additional new shares for every one (1) old share owned. The bonus shares were paid out of the capital paid in excess of par value which has been capitalized to capital stock. The bonus shares were listed at the Jakarta Stock Exchange based on its Letter No. S-488/BEJ.I.1/VIII/1992 dated August 27, 1992. The shares were also listed at the Surabaya Stock Exchange based on its Letter No. 11/EMT/LIST/BES/IX/92 dated September 3, 1992.

At the Stockholders' Extraordinary General Meeting held on June 27, 1995, the stockholders agreed to offer, through the Limited Public Offering (Rights Issue) II, 65,133,600 shares with Rp 1,000 par value per share to existing stockholders. Under this Rights Issue, each existing stockholder had been given the right to buy seven (7) additional new shares at a price of Rp 2,000 per share for every twenty (20) old shares owned and will receive four (4) warrants, or a total of 37,219,200 warrants for all stockholders. Each one (1) warrant can be converted into one (1) new share with Rp 1,000 par value per share at a price of Rp 2,900. This exercise price of the warrant and the number of warrants outstanding was changed to Rp 1,450 and 71,629,940 warrants, respectively, as a result of the stock split in 1997 and then to Rp 1,090 and 95,267,798 warrants, respectively, as a result of the issuance of the bonus shares in 1998. These shares had been listed at the Jakarta Stock Exchange based on its Letter No. S-193/BEJ.I.2/VII/1995 dated July 14, 1995. Such shares had also been listed at the Surabaya Stock Exchange based on its Letter No. 38/EMT/LIST/BES/VII/95 dated July 14, 1995. Warrants exercised up to August 29, 2000, which was the last date of warrants conversion, totaled 2,808,460 shares. The shares from the warrants conversion had been listed at the Jakarta Stock Exchange and Surabaya Stock Exchange. Warrants not exercised up to August 29, 2000 and already expired totaled 95,267,798 warrants.

At the Stockholders' Extraordinary General Meeting held on June 18, 1997, the stockholders approved the change in the par value of the Bank's shares from Rp 1,000 per share to Rp 500 per share.

At the Stockholders' Extraordinary General Meeting held on June 27, 1998, the Bank declared bonus shares totaling 166,738,173 shares with Rp 500 par value per share. Under this bonus shares issuance, each existing stockholder was given the right to have thirty-three (33) additional new shares for every one hundred (100) old shares owned. The bonus shares arose from the capital paid in excess of par value which has been capitalized to capital stock. The bonus shares were listed at the Jakarta Stock Exchange based on its Letter No. Peng-14/BEJ-1.1/SB/0798 dated July 20, 1998 and No. Peng-15/BEJ-1.1/SB/0798 dated July 31, 1998. These bonus shares were also listed at the Surabaya Stock Exchange based on its Letter No. Peng-007/PDG/CB/BES/VIII/98 dated August 3, 1998.

At the Stockholders' Extraordinary General Meeting held on August 28, 2000, the stockholders agreed to offer, through the Limited Public Offering (Rights Issue) III, 66,528,577,467 class B shares, which have the same rights and equal in every aspect with the class A shares, with Rp 5 par value per share, to existing stockholders. Under this Rights Issue, each existing stockholder had been given the right to buy ninety-nine (99) additional new shares at a price of Rp 80.51 per share for every one (1) old share owned (see Note 25). These shares had been listed at the Jakarta Stock Exchange based on its Letter No. S-2686/BEJ.EEM/09-2000 dated September 18, 2000. Such shares had also been listed at the Surabaya Stock Exchange based on its Letter No. JKT-01/MKT-LIST/BES/IX/2000 dated September 12, 2000.

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
NOTES TO FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

As of December 31, 2001, all of the Bank's shares totaling 672,005,833 class A shares and 66,528,577,467 class B shares have been listed at the Indonesian Stock Exchanges and consist of:

3,999,000 shares from the Initial Public Offering.
15,508,000 shares from the Limited Public Offering (Rights Issue) I.
42,525,000 founders' shares.
124,064,000 bonus shares from capital paid in excess of par value in 1992.
65,133,600 shares from the Rights Issue II and warrants.
1,374,230 shares from warrants conversion before stock split.
252,603,830 shares from stock split.
186,738,173 bonus shares from capital paid in excess of par value in 1998.
60,000 shares from warrants conversion from January 1, 1998 up to December 31, 1998

672,005,833 Class A Shares

66,528,577,467 Class B Shares from Rights Issue III

c. Members of the Boards of Commissioners, Directors, and Employees

Based on the Stockholders' Extraordinary General Meeting held on November 23, 2000, the members of the Boards of Commissioners and Directors are as follows:

Board of Commissioners

President Commissioner	:	I Nyoman Suwandha
Commissioner	:	Chandra Purnama
Commissioner	:	Emri
Commissioner	:	Kemas Mohammad Arief

Directors

President Director	:	Dradjat Bagus Prasetyo
Director	:	Hendry Khendy
Director	:	Nandi Hendrian Hamaki
Director	:	Sjahfiri Gaffar
Director	:	Thomas Tan Tjio Tong
Director	:	Andrew Hardi Hanubrata
Director	:	Joseph Georgino Godong

The members of the Boards of Commissioners and Directors were approved by Bank Indonesia in its Approval Letter No. 2/158/DGS/DPIP/Rahasia dated December 21, 2000 and by the Indonesian Bank Restructuring Agency (IBRA) in the Decision Letter of the Chairman of IBRA No. SK-47/BPPN/0101 dated January 10, 2001 which became valid retroactively since December 21, 2000. With the issuance of this decision, the Decision Letter of the Chairman of IBRA No. SK-328/BPPN/0799 that was last amended by SK-2159/BPPN/1100, regarding the formation of a Management Team and the Decision Letter of the Chairman of IBRA No. SK-329/BPPN/0799 that was last amended by No. SK-2160/BPPN/1100, regarding the formation of a Supervision Team were no longer valid.

Effective August 1, 2001, Nandi Hendrian Hamaki has resigned as a Director of the Bank.

As of December 31, 2001, the Bank has 4,460 permanent employees (unaudited).

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
NOTES TO FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Financial Statements

The financial statements have been prepared based on the historical cost concept, except for certain trading account securities held, which are stated at fair value, certain investments in shares of stock, which are accounted for under the equity method; certain premises and equipment, which have been revalued; derivatives receivable/payable which are stated at fair value and, real and chattel properties which are stated at net realizable value.

The financial statements have been prepared on the accrual basis, except for the interest income on non-performing earning assets which are recorded on a cash basis and the statements of cash flows. The statements of cash flows present receipts and payments of cash and cash equivalents classified into operating, investing and financing activities. In the statements of cash flows, cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks.

The financial statements of the Bank have been prepared in conformity with generally accepted accounting principles in Indonesia and principally in accordance with the Revised Statement of Financial Accounting Standards (PSAK) No. 31 regarding "Accounting for the Banking Industry" issued by the Indonesian Institute of Accountants and the Accounting Guidelines for Indonesian Banking (PAPI) issued by the Indonesian Institute of Accountants together with Bank Indonesia and where applicable, prevailing banking industries practices and accounting and reporting guidelines prescribed by Bank Indonesia.

The reporting currency used in the financial statements is Indonesian Rupiah.

b. Current Accounts with other Banks

Current accounts with other banks are stated at their outstanding balances reduced by allowance for losses.

c. Placements with Other Banks

Placements with other banks are stated at their outstanding balances reduced by allowance for losses.

d. Trading Account Securities Held

Trading account securities held consist of commercial papers and Certificates of Bank Indonesia traded in the money market, exchange offer, floating rate notes, bills and bonds (including government bonds) listed at the stock exchanges.

In accordance with PSAK No. 50, "Accounting for Certain Investments in Debt and Equity Securities", securities are classified as follows:

1. Trading securities stated at fair value. The unrealized gains or losses arising from the increase or decrease in the fair value are credited or charged to current operations.

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
NOTES TO FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

2. Available-for-sale securities stated at fair value. The unrealized gains or losses arising from the increase or decrease in the fair value are presented as part of stockholders' equity. Those unrealized gains or losses are credited or charged to current operations when realized.
3. Held-to-maturity securities stated at cost, adjusted for the amortization of discounts or premium based on the straight-line method.

Certificates of Bank Indonesia and commercial paper are presented at nominal amount, net of unamortized interests. Bonds (including government bonds), exchange offer, floating rate notes which are held-to-maturity are stated at cost, adjusted for the amortization of discount or premium. The cost has been adjusted for the permanent decline in the value of securities. Bonds for trading purposes are stated at fair value. The unrealized gain or loss arising from the increase or decrease in fair value is recognized in the statement of income.

Bills consist of export and import bills receivable from customers arising from advance payments made by the Bank to its customers in connection with the export and import transactions of the customers. Bills are stated at their outstanding balance.

The cost of securities sold is computed using the book value when those securities are sold. The allowance for decline in market value and losses are shown as reduction from trading account securities held.

e. PSAK No. 55, "Accounting for Derivative Instruments and Hedging Activities"

Prior to January 1, 2001, forward and swap contracts are recognized as commitments in the Statements of Commitments and Contingencies at their contracted value or notional amount translated at the rates of exchange prevailing at balance sheet date. Net gain or loss from revaluation of derivative instruments is accrued in the balance sheet (included in other assets or liabilities at net amount) and reported in earnings during the year. In determining the net revaluation gain or loss, forward contracts are revalued based on the new forward rate as of balance sheet date for the remaining term. Premiums or discounts incurred in entering into forward and swap transactions of the Bank for funding purposes are amortized over the periods covered by the contracts. The respective amortization is credited or charged to interest expense. Premiums or discounts incurred in entering into forward and swap transactions of the Bank for trading purposes and the related gains or losses thereon are credited or charged to operations at the end of the contract period.

Effective January 1, 2001, the Bank adopted PSAK No. 55, "Accounting for Derivative Instruments and Hedging Activities". Derivative instruments consisting of forward and swap foreign currency transactions are recognized in the balance sheet as either asset or liability based on the fair value of each contract. Gain or loss on change in fair value of derivative instruments is recognized in earnings during the year.

As of January 1, 2001, there is no transition adjustments as a result of adopting PSAK No. 55, since the impact is not material to the financial statements.

Derivatives presented as part of Derivatives receivable and payable account in the balance sheet. Derivatives receivable are presented at their outstanding balances reduced by allowance for losses.

PT BANK BALI Tbk
(PARENT COMPANY ONLY)
NOTES TO FINANCIAL STATEMENTS (Continued)
For The Years Ended December 31, 2001 And 2000
(In Rupiah)

f. Loans

Loans are stated at their outstanding balances reduced by allowance for losses. Restructured loans are presented at their new book value. Loss arising from the excess of new book value over the outstanding loan balance before restructuring is presented as a reduction from the allowance for loan losses. Restructured loans include interests and other charges converted into principal amount. The converted interest is recognized as unearned interest income and presented as a reduction from restructured loan.

The shares received on restructured loans of debtors through conversion of the loans into temporary investment in such debtors are recognized at fair value and accounted for under the cost method.

Joint financing loans (syndicated loans), "Kredit Kelolaan" and channeling loans are presented at the principal amount of the Bank's portion.

g. Acceptances Receivable and Payable

Acceptances receivable and payable are presented at the outstanding balance of letters of credit (L/C) or the realizable value of L/C accepted by the accepting bank. Acceptances receivable are reduced by allowance for losses.

h. Transactions with Related Parties

The Bank has transactions with certain parties which are regarded as having special relationships as defined in PSAK No. 7 regarding "Related Party Disclosures".

Related party transactions whether or not conducted at the normal price and conditions as those with third parties, are reflected in the loans, premises and equipment, demand deposits, savings deposits and time deposits accounts in the balance sheets. The nature and extent of these related party transactions are disclosed under the respective accounts in the notes to financial statements. Transactions of the Bank with state-owned/controlled entities and entities related to IBRA due to the bank and corporate restructuring, are not disclosed as transactions with related parties.

i. Allowance for Losses on Earning Assets and Estimated Losses on Commitments and Contingencies

The Bank provides allowance for losses on earning assets and estimated losses on commitments and contingencies based on the management review and evaluation of the collectibility and realizability of these assets, and commitments and contingencies bearing credit risk at the end of the year. In connection with this, the requirements of Bank Indonesia (BI) regarding the Allowance for Losses on Earning Assets and commitments and contingencies bearing credit risk are used as a reference. The required allowance for losses on earning assets based on Bank Indonesia regulation, is as follows:

1. General reserve at a minimum of 1.00% of earning assets classified as pass (earning assets consist of current accounts with other banks, placements with other banks, trading account securities held, derivatives receivable, loans, acceptances receivable, investments in shares of stock and commitments and contingencies).

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2. Special reserves for earning assets:

Classification	Rates
Special mention	5%
Substandard	15
Doubtful	50
Loss	100

Special reserves for earning assets classified as substandard, doubtful and loss represent the outstanding balance after reduction by the respective collateral.

Earning assets are written off against the respective allowance for losses when the Bank management believes that these are determined to be definitely uncollectible or not realizable. The recovery of earning assets previously written off is recorded as an addition to the related allowance for losses during the year.

j. Investment in shares of stock

Investments in which the Bank has an ownership interest of at least 20% is accounted for under the equity method whereby the cost of investment is increased or decreased by the Bank's share in the net earnings (losses) of the Subsidiaries and associated companies since the date of acquisition and reduced by cash dividends received.

Investments in which the Bank has an ownership interest of less than 20% and temporary investment from loan restructuring are accounted for under the cost method.

k. Prepaid Expenses

Prepaid expenses are charged to operations over the periods benefited.

l. Premises and Equipment

Premises and equipment are stated at cost except for certain premises and equipment which were revalued in accordance with government regulation, less accumulated depreciation.

Landrights are stated at cost and not amortized. Specific costs associated with the acquisition or renewal of legal titles on the landrights are deferred and amortized using the straight line method over the legal term of the landrights or economic life of the land, whichever is shorter. These deferred costs are presented under "Other Assets" in the balance sheets.

Buildings are depreciated using the straight-line method over their estimated useful lives ranging from 20 to 40 years. Except for landrights which are not amortized, other premises and equipment are depreciated over their estimated useful lives using the double-declining balance method with the rate as follows:

Class I : useful lives not more than 4 years	50%
Class II : useful lives more than 4 years and not more than 8 years	25%

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The cost of repairs and maintenance is charged to operations as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as non-operating income or expense for the year.

Buildings under construction are stated at cost. The accumulated costs will be transferred to the buildings account when construction is completed and the buildings are ready for their intended use.

In 2000, the Bank has applied PSAK No. 48 regarding "Impairment in Asset Values" which requires that the recoverable amount of an asset should be estimated whenever events or changes in circumstances indicate that its carrying amount may not be fully recoverable. The impairment of asset value is compensated with the "Revaluation Increment in Premises and Equipment" and the balance is recorded in the statement of income for the year.

m. Real and Chattel Properties

In 2000, real and chattel properties acquired in settlement of loans are recorded at the lower of the market value or agreed price after reduction by allowance for decline in value of real and chattel properties. Real and chattel properties included under "Other Assets" in the balance sheets. Any excess of the loan balance over the lower of the market value or agreed price, which is not recoverable from the borrower, is written off against the allowance for losses. Holding costs incurred subsequent to the foreclosure or acquisition of the properties are charged to operations as incurred. The resulting gains or losses from the disposal of the real and chattel properties are reflected in income or expense for the year.

Based on the PSAK No. 31 (Revised 2000), real and chattel properties acquired in settlement of loans is recognized at its net realizable value. Net realizable value is the fair value of the collateral after deducting the estimated cost of disposal. The difference between the value of the collateral and proceeds from the sale thereof is recognized as gain or loss at the time of sale.

n. Deferred Charges

Expenses incurred in connection with the opening of new branches including its computer systems and development of new products were deferred and are being amortized using the straight-line method over 4 years. This account is included under "Other Assets".

o. Projects in Progress

Costs incurred by the Bank in connection with the installation of hardware and software computer systems and development of new products are recorded as "Projects in Progress" under "Other Assets". Upon completion of the projects, these costs will be transferred to the appropriate premises and equipment, and deferred charges accounts. In 2001, projects in progress already transferred to the appropriate premises and equipment or charged to current year if the projects do not have benefit anymore in the future.

p. Deposits

Demand deposits represent customers' funds which can be used as payment instruments, and can be withdrawn by the depositors at any time through check writing and others. These are stated at the Bank's liability to the account holders.

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Savings deposits represent customers' funds, which can be withdrawn by the depositors under certain conditions. These are stated at the Bank's liability to the account holders.

Time deposits represent customers' funds, which can be withdrawn by the depositors at specific maturities. These are stated at nominal value based on the agreement with the depositors.

q. Interest Income and Expenses

The Bank recognizes interest income and expense on accrual basis. Interest income on non-performing earning assets is not recognized in the accounts except to the extent of cash collections received. Any outstanding accrued interest on loans determined to be non-performing is reversed against interest income and are recognized as contingencies receivable. The amount collected from loan classified as doubtful or loss is first applied as a reduction from the principal. Any excess of amount collected over the principal is recognized as interest income.

Unearned interest income from restructured loans is recognized as income proportionately when the collection of the principal is received.

r. Fees and Commissions

Significant fees and commissions of the Bank, which are directly related to the granting of loans or for specified periods, are deferred and amortized using the straight-line method over the related periods of the loans. The balance of fees and commissions relating to loans settled prior to maturity are recognized as income or expense upon settlement. Fees and commissions which are not directly related to specified period are recognized upon execution of the transactions.

s. Fees

Significant fees of the Bank, which are not directly related to the granting of loans but related to a specified periods, are deferred and amortized using the straight-line method over the related periods, such as safety deposit box fees, management fees, and custodian fees. Fees which are not directly related to the granting of loans or for specified periods are recognized upon execution of the transactions, such as commissions for export/import L/C transactions and commissions for bank guarantee.

t. Retirement Benefits

The Bank has a defined contribution retirement plan administered by Dana Pensiun Bank Bali covering its qualified permanent employees who chose to join the retirement plan. Contributions are funded and consist of the Bank's and employees' contributions at 5% and 2.5%, respectively, of the employees' net salaries.

u. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At December 31, 2001, assets and liabilities denominated in foreign currencies, as well as all foreign exchange contracts, are adjusted to Rupiah based on the spot rate at 16.00 p.m. of West Indonesian Time (Rp 10,400 to US\$ 1.00, Rp 5,623.91 to SGD 1.00, Rp 79.20 to JPY 1.00, Rp 9,201.93 to EUR 1.00 and Rp 5,313.89 to AUD 1.00),

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while as of December 31, 2000, using the middle rates of exchange as published by Bank Indonesia (Rp 9,595.00 to US\$ 1.00, Rp 5,539.05 to SGD 1.00, Rp 83.57 to JPY 1.00, Rp 8,911.85 to EUR 1.00 and Rp 5,318.53 to AUD 1.00). The resulting gains or losses including those arising from foreign exchange trading transactions which relate directly to customers and correspondent banks, are credited or charged to current operations.

Spot foreign exchange transactions in process of settlement are recognized as off-balance sheet accounts. Gains or losses arising from the difference between the rates of exchange prevailing at the transaction date and the rates of exchange prevailing at balance sheet date are accrued and recorded in income statement for the year.

v. Tax Expense (Benefit)

Tax expense (benefit) of the Bank is determined on the basis of estimated taxable income for the year.

Deferred income tax is provided to reflect the tax effects of temporary differences between financial and tax reporting, mainly relating to tax loss carryforward, provision for earning assets, rent expenses, amortization of deferred charges and depreciation of premises and equipment.

w. Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing net (income) loss by the weighted average number of outstanding shares during the year. Diluted earnings (loss) per share is the same as basic net income (loss) per share.

Weighted average number of outstanding shares totaled 67,200,583,300 in 2001 and 18,119,480,556 in 2000.

3. SIGNIFICANT ACCOUNTING CHANGES AND RESTATEMENT OF FINANCIAL STATEMENTS

Effective January 1, 2001, the Bank has applied the following significant accounting changes, financial reporting and disclosure requirements in accordance with the revised PSAK No. 31 and the Accounting Guidelines for Indonesian Banking (PAPI):

- Acceptances receivable and payable are recorded in the balance sheets at their outstanding balances. The allowance for losses on acceptances receivable is presented as an offsetting account against the asset account. In previous years, acceptances receivable and payable were reported as off-balance sheet accounts. The December 31, 2000 balances have been adjusted for comparative presentation which resulted to an increase in Total Assets and Liabilities from those previously reported in prior year by Rp 16,203,308,741.
- The amounts collected from the loans classified as doubtful or loss, are first applied as a reduction from the principal. Any excess of the amounts collected over the principal is recognized as interest income. In previous years, payments collected from those accounts were recognized as deduction from overdue expenses (if any), overdue interest and principal. Prior year's balances were not adjusted for comparative presentation for the change in accounting method on collections from loans classified as doubtful or loss since the Bank management has determined that the effect on net income is not material considering that loans classified as doubtful or loss are adequately provided for with allowance for losses in accordance with the existing regulations.

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- Commitments and contingencies as of balance sheet date are disclosed in the notes to financial statements. Previously, commitments and contingencies as of December 31, 2000 are reflected in the Statements of Commitments and Contingencies.

4. CASH

This account consists of the following:

	2001	2000
<u>Rupiah</u>	<u>Rp 137,986,313,198</u>	<u>Rp 300,531,109,473</u>
<u>Foreign Currencies</u>		
United States Dollar	34,404,067,048	50,900,889,705
Japanese Yen	6,335,722,800	3,712,262,970
Singapore Dollar	4,151,289,172	8,410,044,858
Australian Dollar	1,191,294,433	1,815,666,367
Others	770,302,169	2,175,784,676
Sub-total	<u>46,852,675,622</u>	<u>67,014,648,576</u>
Total	<u>Rp 184,838,988,820</u>	<u>Rp 367,545,758,049</u>

5. CURRENT ACCOUNTS WITH BANK INDONESIA

This account consists of the following:

	2001	2000
<u>Rupiah</u>	<u>Rp 462,537,310,848</u>	<u>Rp 483,814,777,895</u>
United States Dollar	67,080,000,000	45,576,250,000
Total	<u>Rp 529,617,310,848</u>	<u>Rp 529,391,027,895</u>

6. CURRENT ACCOUNTS WITH OTHER BANKS

This account consists of the following:

	2001	2000
<u>Rupiah</u>	<u>Rp 5,965,469,458</u>	<u>Rp 2,411,376,588</u>
Foreign Currencies	60,483,971,760	108,553,707,228
Total	<u>66,449,441,218</u>	<u>110,965,083,816</u>
Less allowance for losses	(708,916,731)	-
Net	<u>Rp 65,740,524,487</u>	<u>Rp 110,965,083,816</u>

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Based on the review and evaluation of the Bank management, current accounts with other banks are classified as pass. Management believes that the allowance for losses is adequate to cover any possible losses on uncollectible current accounts with other banks and is computed based on the Bank Indonesia regulations (see Note 2i).

7. PLACEMENTS WITH OTHER BANKS

This account consists of the following:

	2001	2000
<u>Rupiah</u>		
Call Money	Rp 356,805,690,075	Rp -
Others	-	1,194,617
<u>Foreign Currencies</u>		
Deposits	338,431,640,000	2,043,735,000,000
Total	695,237,330,075	2,043,736,194,617
Less allowance for losses	4,884,316,400	20,437,361,946
Net	Rp 690,353,013,675	Rp 2,023,298,832,671

Placements with other banks classified according to the remaining maturity periods as of December 31, 2001 and 2000 (before allowance for losses) are as follows:

	2001				(in Rupiah millions)
Type of Placements with Other Banks	Call Money	Deposits	Others	Total	
<u>Rupiah</u>					
Less than 1 month	356,806	-	-	356,806	
1-3 months	-	-	-	-	
Sub-total	356,806	-	-	356,806	
<u>Foreign Currencies</u>					
Less than 1 month	-	338,431	-	338,431	
1-3 months	-	-	-	-	
Sub-total	-	338,431	-	338,431	
Total	356,806	338,431	-	695,237	

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	2000		(in Rupiah millions)
Type of Placements with Other Banks	Deposits	Others	Total
Rupiah			
1-3 months	-	-	-
3-6 months	-	-	-
More than 12 months	-	1	1
Sub-total	-	1	1
Foreign Currencies			
1-3 months	2,043,735	-	2,043,735
3-6 months	-	-	-
Sub-total	2,043,735	-	2,043,735
Total	2,043,735	1	2,043,736

The changes in the allowance for losses are as follows:

	2001			2000		
Description	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Balance at beginning of year	9,833	10,804	20,437	223,180	-	223,180
Provision during the year	(8,133)	(8,885)	(17,018)	(9,269)	10,804	1,535
Exchange differences	-	1,485	1,485	-	-	-
Write offs during the year	-	-	-	(204,276)	-	(204,276)
Balance at end of year	1,500	3,384	4,884	9,833	10,804	20,437

Based on the review and evaluation of the Bank management, placements with other banks are classified as pass. Management believes that the allowance for losses is adequate to cover any possible losses on uncollectible placements with other banks and is computed based on the Bank Indonesia regulations (see Note 2i).

The average annual interest rates are 15.50% in 2001 and 9.75% in 2000 for placements in Rupiah, and 4.53% in 2001 and 6.44% in 2000 for placements in foreign currencies.

8. TRADING ACCOUNT SECURITIES HELD

Trading account securities held represent securities issued by third parties. Trading account securities based on the type of securities are as follows:

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	2001	2000
<u>Rupiah</u>		
Held-to-maturity		
Government Bonds	Rp 5,314,357,000,000	Rp 5,314,357,000,000
Certificates of Bank Indonesia - net of unamortized interest of Rp 3,657,597,414 in 2001	394,092,402,586	-
Money market commercial paper	100,000,000,000	-
Bonds - net of unamortized premium/ discount of Rp 226,298,516 in 2001 and Rp 137,142,860 in 2000	94,860,673,441	53,637,918,321
	<u>5,903,110,076,027</u>	<u>5,367,994,918,321</u>
For Trading		
Certificates of Bank Indonesia - net of unamortized interest of Rp 499,989,951 in 2000	-	643,500,010,049
Total Rupiah	<u>5,903,110,076,027</u>	<u>6,011,494,928,370</u>
Less allowance for losses	(1,946,806,733)	(542,505,842)
Net - Rupiah	<u>5,901,163,469,294</u>	<u>6,010,952,422,528</u>
<u>Foreign Currencies</u>		
Held-to-maturity		
Exchange Offer - net of unamortized premium/discount of Rp 120,926,821,288 in 2001	1,391,724,169,888	-
Government Bonds - net of unamortized premium/discount of Rp 10,405,803,616 in 2001	197,594,196,384	-
Floating Rate Notes (FRN) - net of unamortized premium/discount of Rp 271,006,632 in 2001	103,728,993,368	-
	<u>1,693,047,359,640</u>	<u>-</u>

(Forward)

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	2001	2000
For Trading		
Bills	Rp 1,876,379,336	Rp 3,151,708,617
Bonds - net of unamortized premium/ discount of Rp 3,981,420,111 in 2000	-	15,208,579,889
	<u>1,876,379,336</u>	<u>18,360,288,506</u>
Total Foreign Currencies	1,694,923,738,976	18,360,288,506
Less allowance for losses	(14,973,295,376)	(252,218,776)
Net Foreign Currencies	<u>1,679,950,443,600</u>	<u>18,108,069,730</u>
Net	<u>Rp 7,581,113,912,894</u>	<u>Rp 6,029,060,492,258</u>

Trading account securities held-to-maturity classified according to the remaining maturity periods (before allowance for losses) are as follows:

(in Rupiah millions)

	2001			2000		
Period	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Less than 1 month	494,093	-	494,093	-	-	-
3 - 12 months	-	121,340	121,340	36,006	-	36,006
12 - 60 months	3,637,564	1,571,707	5,209,271	1,789,084	-	1,789,084
More than 60 months	1,771,453	-	1,771,453	3,542,905	-	3,542,905
Total	<u>5,903,110</u>	<u>1,693,047</u>	<u>7,596,157</u>	<u>5,367,995</u>	<u>-</u>	<u>5,367,995</u>

The changes in the allowance for losses are as follows:

(in Rupiah millions)

	2001			2000		
Description	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Balance at beginning of year	543	252	795	53,789	13,670	67,459
Provisions during the year	1,401	15,560	16,961	(51,858)	(13,418)	(65,276)
Exchange differences	-	(839)	(839)	-	-	-
Write offs during the year	-	-	-	(1,488)	-	(1,488)
Recovery of securities written off	3	-	3	80	-	80
Balance at end of year	<u>1,947</u>	<u>14,973</u>	<u>16,920</u>	<u>543</u>	<u>252</u>	<u>795</u>

The Bank's management believes that the allowance for losses is adequate to cover any possible losses on uncollectible trading account securities-held and is computed based on the Bank Indonesia regulations (see Note 2i).

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Collectibility of trading account securities held:

	2001	2000
Pass	Rp 7,598,033,815,003	Rp 6,029,855,216,876
Less allowances for losses	16,919,902,109	794,724,618
Net	Rp 7,581,113,912,894	Rp 6,029,060,492,258

In 1999, Bonds issued by a closed bank totaling Rp 1.47 billion became due on July 20, 2000 and were fully provided with allowance for losses. These bonds were transferred to IBRA in accordance with the Sale, Purchase and Transfer of Rights on Receivable Agreement dated September 29, 2000 which was legalized by Notary No. 1181/leg/2000 (see Note 10n).

The issuers of the abovementioned bonds, Certificates of Bank Indonesia, money market commercial paper, Floating Rate Notes and exchange offer which are held-to-maturity are as follows:

	2001	2000
<u>Bonds</u>		
Government of the Republic of Indonesia	Rp 5,511,951,196,384	Rp 5,314,357,000,000
PT Indosat Tbk	17,000,000,000	-
PT Perum Pegadaian	17,000,000,000	-
PT Astra International Tbk	15,936,971,957	20,475,061,183
PT Ultrajaya Tbk	15,000,000,000	-
PT Semen Gresik Tbk	14,999,571,054	-
PT HM Sampoerna Tbk	14,724,130,430	-
PT Perusahaan Listrik Negara (PERSERO)	-	33,162,857,138
Sub-total	5,606,611,869,825	5,367,994,918,321
<u>Certificates of Bank Indonesia</u>		
Bank Indonesia	394,092,402,586	-
<u>Money Market Commercial Paper</u>		
PT Bank Niaga	100,000,000,000	-
<u>Floating Rate Notes (FRN)</u>		
PT Bank Mandiri (Persero)	103,728,993,368	-
<u>Exchange offer</u>		
PT Bank Mandiri (Persero)	475,335,475,056	-
PT Bank Rakyat Indonesia (Persero)	299,457,867,696	-
PT Bank Negara Indonesia (Persero) Tbk	253,074,298,152	-
PT Bank BIRA	193,219,828,548	-
PT Bank Danamon Indonesia Tbk	74,314,119,048	-
PT Bank Dagang Nasional Indonesia (BBO)	55,643,756,064	-
PT Bank Inter Pacific	40,678,825,324	-
Sub-total	1,391,724,169,888	-
Total	Rp 7,596,157,435,667	Rp 5,367,994,918,321

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As reported by Surabaya Stock Exchange, the rating of the bonds according to PT Pemeringkat Efek Indonesia (PT Pefindo) are as follows:

	2001	2000
PLN V Tahun 1996 Seri B (Agustus)	-	idB
Astra International III Th 1999 Seri I	-	idB+
Astra International III Th 1999 Seri II	idB+	idB+
HM Sampoerna I Tahun 2000	idAA-	-
Ultrajaya II Tahun 2001 Seri B	idBBB+	-
Indosat I Tahun 2001 Seri A	idAA+	-
Perum Pegadaian VIII Tahun 2001 Seri A	idA+	-
Semen Gresik I Tahun 2001 Seri B	idA	-

Annual interest rates for trading account securities held ranged from 10.00% to 20.38% in 2001 and from 10.00% to 16.50% in 2000 for those denominated in Rupiah and from 4.38% to 10.09% in 2001 and 7.63% in 2000 for those denominated in foreign currencies.

In connection with the Bank's recapitalization, on October 12, 2000, the Government of the Republic of Indonesia, represented by the Ministry of Finance, issued Government Bonds totaling Rp 5,314,357,000,000. These bonds, with fixed interest rates, were issued in three (3) series:

- Series FR0003

Total principal	:	Rp 1,771,452,000,000
Maturity date	:	May 15, 2005
Interest rate	:	12% a year
- Series FR0004

Total principal	:	Rp 1,771,452,000,000
Maturity date	:	February 15, 2006
Interest rate	:	12.125% a year
- Series FR0005

Total principal	:	Rp 1,771,453,000,000
Maturity date	:	July 15, 2007
Interest rate	:	12.25% a year

The interest on the abovementioned bonds are payable every six (6) months in arrears, on May 15 and November 15 each year for series FR0003, February 15 and August 15 each year for series FR0004 and January 15 and July 15 each year for series FR0005. The Bank management intends to hold these bonds up to maturity.

Based on the Letter of the Ministry of Finance to the Governor of Bank Indonesia No. S-595/MK.017/2000 dated November 30, 2000, Bank Indonesia in its Letter No. 2/400/DPM dated December 1, 2000 has informed the Bank that the Government of the Republic of Indonesia plans to execute a bonds exchange offer program. This program offers Stapled Bonds to be exchanged with the fixed rate bonds which were issued by the Government in connection with the Bank's recapitalization. Stapled Bonds represent a package of bonds which consists of 2 types of bonds. The weighted average of the coupon from the Stapled Bonds is the same with the fixed rate bonds which will be exchanged.

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In connection with the offering, the Bank submitted the Proposal Letter of Bonds Exchange Offer to Bank Indonesia (BI) on December 5, 2000, whereby the Bank proposed to exchange the FR0003 series Bonds amounting to Rp 1,771,452,000,000 with Stapled Bonds FR0008 series and FR0009 series. In accordance with BI confirmation on December 8, 2000, the FR0003 series Bonds have been exchanged with Stapled Bonds FR0008 series and FR0009 series whereby such Stapled Bonds which were held to maturity by the Bank amounted to Rp 545,062,000,000 with interest rate of 16.5% and Rp 1,226,390,000,000 with interest rate of 10%, respectively.

As published by Bank Indonesia on December 28, 2001, the market value of government bonds with fixed interest rate as of December 31, 2001 ranged from 74.26% to 100% of the nominal value. While on March 28, 2002, (date of independent auditors report), the market value ranged from 80.42% to 100% of the nominal value of fixed interest rate.

Interest income from exchange offer are received semi-annually every February 25 and August 25 for the first exchange offer and every June 1 and December 1 for the second exchange offer. The interest rate of this exchange offer are determined every six months. This exchange offer agreements are guaranteed by Bank Indonesia (BI).

9. DERIVATIVES RECEIVABLE AND PAYABLE

Derivatives receivable and payable are classified as pass and consists of:

2001				
Transaction	Contract Notional Value	Fair Value	Derivatives Receivable and Payable	
			Derivatives Receivable	Derivatives Payable
Swap: - Sold	Rp 20,800,000,000	Rp 20,625,411,872	Rp -	Rp 174,588,128
- Bought	88,400,000,000	87,323,185,144	1,076,814,856	-
	1,040,000,000	1,040,292,448	-	292,448
Less allowance for losses			10,768,160	-
Net			Rp 1,066,046,696	Rp 174,880,576

2000				
Transaction	Contract Notional Value	Fair Value	Derivatives Receivable and Payable	
			Derivatives Receivable	Derivatives Payable
Swap: - Sold	Rp 20,294,130,233	Rp 20,805,384,168	Rp 511,253,935	Rp -
	13,433,000,000	13,148,402,417	-	284,597,583
- Bought	959,500,000	959,077,724	422,276	-
Net			Rp 511,676,211	Rp 284,597,583

These contracts consist of swap contracts involving various foreign currencies such as Japanese Yen, US Dollar, Hong Kong Dollar, Indonesian Rupiah and others with maturity periods ranging from 14 days to 35 days.

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Forward and swap foreign exchange transactions represent transactions which were done for the benefit of the Bank in managing the liquidity and hedging position. The Bank has its own risk management policy and the risk amount limit in controlling the foreign exchange risks. The changes in variable market risks is actively monitored in the ALCO (Asset Liability Committee) meeting which is conducted monthly and became the benchmarking in determining the Bank's strategies. Both the net open position and forward foreign exchange position are regularly monitored and controlled by independent unit and reported to Bank Indonesia (BI) to comply with BI regulations. Under PSAK No. 55 and for accounting purposes, since the criteria therein are not fulfilled, these transactions are not considered as effective hedging.

The Bank's management believes that the allowance for losses is adequate to cover any possible losses on uncollectible derivatives receivable and is computed based on the Bank Indonesia regulations (see Note 2i).

10. LOANS

This account consists of the following:

1) Type of Loans

	2001	2000
<u>Rupiah</u>		
Working capital	Rp 687,944,575,358	Rp 205,248,942,186
Investment	388,142,458,654	54,431,682,258
Consumer	307,044,465,520	122,897,553,997
Credit card	131,492,757,364	75,629,465,185
Syndicated	50,000,000,000	-
Loans to officers and employees	24,520,776,384	24,926,578,547
Sub-total	1,589,145,033,280	483,134,222,173
<u>Foreign Currencies</u>		
Working Capital	242,545,965,220	389,923,176,618
Investment	308,450,590,671	252,346,205,333
Syndicated	4,285,276,216	171,990,375,096
Sub-total	555,281,832,107	814,259,757,047
Total	2,144,426,865,387	1,297,393,979,220
Less: - Allowance for losses	159,401,076,964	378,528,473,050
- Unearned interest income	245,621,480	275,879,071
Net	Rp 1,984,780,166,943	Rp 918,589,627,099

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2) Economic Sector

	2001					(in Rupiah millions)
	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Rupiah						
Industry	368,405	56,870	3,574	36	-	428,885
Trading, restaurant and hotel	312,867	6,740	75	297	233	320,212
Housing	199,712	16,510	734	164	2,408	219,528
Transportation, warehouse and communication	161,095	-	1,936	-	-	163,031
Business services	116,775	209	-	-	-	116,984
Construction	41,749	148	-	-	10	41,907
Agriculture, hunting and agriculture improvement	33,893	57	-	-	-	33,950
Social services	21,154	102	-	-	-	21,256
Mining	703	2,522	78	-	-	3,303
Electricity, gas and water	69	-	-	-	-	69
Others	226,625	4,667	2,054	1,322	5,352	240,020
Total Rupiah	1,483,047	87,825	8,451	1,819	8,003	1,589,145
Foreign Currencies						
Industry	237,497	184,432	14,691	2,920	9,081	448,621
Transportation, warehouse and communication	23,959	-	-	12,480	-	36,439
Business services	13,005	15,673	-	-	-	28,678
Trading, restaurant and hotel	17,970	7,779	-	-	-	25,749
Construction	-	-	-	-	11,481	11,481
Agriculture, hunting and agriculture improvement	2,569	-	-	-	-	2,569
Mining	-	1,745	-	-	-	1,745
Total Foreign Currencies	295,000	209,629	14,691	15,400	20,562	555,282
Total	1,778,047	297,454	23,142	17,219	28,565	2,144,427
	2000					(in Rupiah millions)
	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Rupiah						
Industry	128,483	4,835	1,077	1,551	352	136,298
Housing	99,662	14,406	3,876	1,309	1,961	121,214
Trading, restaurant and hotel	62,990	9,137	336	3,292	2,072	77,827

(Forward)

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	2000					(in Rupiah millions)
	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Business services	12,452	563	-	-	6,019	19,034
Transportation, warehouse and communication	12,146	213	171	51	-	12,581
Agriculture, hunting and agriculture improvement	8,027	313	-	-	-	8,340
Construction	3,781	650	-	238	-	4,669
Social services	888	123	-	32	-	1,043
Others	95,092	1,031	795	1,676	3,534	102,128
Total Rupiah	423,521	31,271	6,255	8,149	13,938	483,134
Foreign Currencies						
Industry	175,597	52,294	1,814	215,150	66,922	511,777
Construction	180	-	-	-	152,230	152,410
Trading, restaurant and hotel	12,403	8,400	6,607	-	29,182	56,592
Business services	2,542	-	9,537	23,867	6,505	42,451
Transportation, warehouse and communication	-	20,610	2,192	11,727	-	34,529
Agriculture, hunting and agriculture improvement	-	-	16,312	-	-	16,312
Others	189	-	-	-	-	189
Total Foreign Currencies	190,911	81,304	36,462	250,744	254,839	814,260
Total	614,432	112,575	42,717	258,893	268,777	1,297,394

3) Loan Periods

Credit classification based on loan agreement and remaining maturity are as follows:

a. Based on loan agreement (in Rupiah millions)

Period	2001			2000		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
1 year	959,802	265,224	1,225,026	310,976	388,361	699,337
2-3 years	218,078	38,106	256,184	25,407	220,174	245,581
4-5 years	257,425	228,462	485,887	25,654	125,324	150,978
More than 5 years	153,840	23,490	177,330	121,097	80,401	201,498
Total	1,589,145	555,282	2,144,427	483,134	814,260	1,297,394

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b. By remaining maturity (in Rupiah millions)

Period	2001			2000		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
1 year	924,133	277,873	1,202,006	254,627	553,395	808,022
1-2 years	71,498	29,827	101,325	66,587	79,009	145,596
2-5 years	454,754	240,353	695,107	55,008	173,056	228,064
More than 5 years	138,760	7,229	145,989	106,912	8,800	115,712
Total	1,589,145	555,282	2,144,427	483,134	814,260	1,297,394

Significant information relating to the above loans are as follows:

- The average annual interest rates are 19.41% in 2001 and 15.46% in 2000 for loans in Rupiah currency, and 8.95% in 2001 and 6.30% in 2000 for loans in foreign currencies.
- These loans are secured by time deposits or by registered mortgages or by powers of attorney to mortgage or sell, or by other guarantees acceptable to the Bank (see Note 18).
- The working capital loans and investment loans were granted to customers for working capital and capital goods.
- The working capital loans include current accounts and overdrafts.
- The consumer loans consist of housing, vehicles and other personal loans.
- During 2001 and 2000, the loans which were restructured by the Bank through the granting of principal and interest concessions to the debtors, extension of terms and reduction in interest rate aggregated to 7.70% and 0.22% of the total loans as of December 31, 2001 and 2000, respectively. The loss on restructuring amounted to Rp 729 million in 2001 and Rp 760 million in 2000 (see 101 below). Loans restructured under debt-to-equity participation amounted to Rp 2.41 billion in 2001.
- The syndicated loans represent loans provided to customers under syndication agreements with other banks. The Bank's share in the syndicated loans, wherein it acts as the lead manager, ranged from 23.53% to 51.27% of each syndicated loan facility in 2000. Total participation of the Bank in syndicated loans wherein it acts as a member accounts ranged from 4.54% and 10.00% of each syndicated loan facility in 2001 and for 14.00% of each syndicated loan facility in 2000.
- The government program loans consist of small-scale investment loans, investment loans and loans for primary cooperative members.

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i. Loans to related parties consist of:

	2001		2000	
Key management personnel	Rp	1,939,350,473	Rp	2,424,527,326
Related parties				
PT KDLC BancBali Finance		-		6,018,878,371
Total	Rp	1,939,350,473	Rp	8,443,405,697
Percentage to Total Assets		0.02%		0.07%

PT KDLC BancBali Finance is an associated company.

The loans granted to key management personnel consist of interest-bearing loans intended for the acquisition of motor vehicles, houses and other personal properties, maturing within 1 to 10 years. The loans are collected through monthly payroll deductions.

The loans to related parties were made under normal terms and conditions similar to those transactions entered into with third parties.

- j. Loans which are classified as non-performing loans amounted to Rp 68.93 billion or 3.20% of total loans as of December 31, 2001 and Rp 570.4 billion or 43.96% of total loans as of December 31, 2000. Based on Bank Indonesia regulation No.3/25/PBI/2001 dated December 26, 2001 of the Governor of BI the ratio of non-performing loan should be within the maximum of 5% of the Banks' total loans.
- k. The Bank's report stated that its Legal Lending Limit (LLL) as of December 31, 2001, has exceeded the requirements of LLL for related parties by Rp 802 million and for third parties by Rp 279.33 billion, while as of December 31, 2000 (unaudited) has exceeded the requirements of LLL for related parties by Rp 44.7 billion and third parties by Rp 267.5 billion.
- l. The changes in the allowance for losses are as follows:

Description	2001			2000		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Balance at beginning of year	95,475	283,053	378,528	860,130	740,834	1,400,964
Provision (reversals) during the year	(69,539)	(45,251)	(114,790)	(145,436)	753,293	607,857
Exchange difference	-	(5,369)	(5,369)	-	74,501	74,501
Write offs during the year	(54)	(99,018)	(99,072)	(433,708)	(1,337,802)	(1,771,510)
Gain (loss) on restructuring	1,258	(1,987)	(729)	(760)	-	(760)
Recovery of loans written off	299	534	833	15,249	52,227	67,476
Balance at end of year	27,439	131,962	159,401	95,475	283,053	378,528

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The Bank's management believes that the allowance for losses is adequate to cover any possible losses on uncollectible loans and is computed based on the Bank Indonesia regulations (see Note 2i).

- m. The Bank has an individual unit which handles the process of managing risks involving determination of the limits of market risks and credit risks based on the consideration of the product, partnership, industry and geography. This unit develops, communicates, assists and monitors the business units in implementing the policies and methodology of managing risks to strengthen the Bank's ability in managing and evaluating credit risks.

The Bank has also a credit policy manual which contains the loans granting and credit administration policies and procedures, including evaluation of credit quality policy, adequacy of provision for losses and reassessment of collateral values. The process of loans granting have a standard policy whereby credit proposals are evaluated by an authorized officer. The Credit Committee has the highest authority in approving the granting of loans. Moreover, the Bank's management including the directors maintain personal, close and strong relationships with the debtors' owners and management, by visiting the customers regularly, to obtain customer information.

- n. In accordance with Article 10 of the Joint Decree of the Ministry of Finance and the Governor of Bank Indonesia No. 117/KMK.017/1999 / No. 31/15/KEP/GBI dated March 26, 1999 regarding the realization of the recapitalization program of Taken-Over Banks (BTO), the Bank transferred and assigned all its rights and ownership over non-performing earning assets to IBRA under the Sale and Purchase of Movable Assets Agreement which was legalized by Notary No. 1180/leg/2000, the Sale, Purchase and Transfer of Receivables Agreement which was legalized by Notary No. 1181/leg/2000 dated September 29, 2000, and Sale, Purchase and Transfer of Rights which was notarized by Notarial Deed No. 21 of Ny. Asmara Noer, S.H. dated September 29, 2000. The non-performing earning assets transferred amounting to Rp 2,035,743,609,090, were fully provided with allowance for losses and are therefore transferred at zero values. The non-performing assets are still under the management, arrangement and supervision of the Bank under the Temporary Assets Management Agreement which was legalized by Notary No. 1179/leg/2000 dated September 29, 2000. The term of the management agreement is six months from the date of the agreement. The term of the agreement is automatically extended for the next six months, except if IBRA, within at least 30 days before the end of the term, informs the Bank in writing that it will not extend the term.

Based on the letter from IBRA No. S-243/ADA-OSM/BPPN/0601 dated June 27, 2001, the terms of the Temporary Assets Management Agreement had ended in May 2001. As such as of June 2001, there are no non-performing assets attributable to IBRA that is under the management, arrangement and supervision of the Bank.

- o. On April 19, 2001, the Bank entered into export loans insurance agreement with PT (Persero) Asuransi Ekspor Indonesia (ASEI). The loans covered are new loans with "pass" collectibility status or those extended with collectibility status as pass, special mention, substandard, and doubtful up to a maximum period of 12 months and maximum facility amounting to Rp 250,000,000 up to Rp 3,500,000,000 or US\$ 25,000 up to US\$ 350,000. ASEI will bear the risk of loss in case of failure of the customers to pay the loans and when the loan have been classified loss. This agreement carries a term of 3 years and is automatically extendable for the same term. Premium rate is 0.8% up to 1% a year from plafond while for loan with period less than one year is computed proportionally.

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- p. The Bank entered into a joint financing agreement with PT Federal International Finance (FIF) and PT Astra Sedaya Finance (ASF), to grant motor vehicle loans and car loans, respectively. Based on the agreement, FIF and ASF will act as a facility manager and guarantee manager. The Bank, FIF and ASF will bear the risk for doubtful loans in proportion to each share in those joint financing agreement. The outstanding balance of joint financing as of December 31, 2001 amounted to Rp 49.9 billion and Rp 8.4 billion, for FIF and ASF, respectively.

11. ACCEPTANCES RECEIVABLE

Acceptances receivable represent receivables from third party customers in foreign currencies.

The details of acceptances receivable classified according to the remaining maturity periods are as follows:

	2001	2000
Less than 1 month	Rp 15,766,900,153	Rp 7,337,925,325
1 - 3 months	17,816,667,616	4,149,127,688
3 - 6 months	8,972,129,057	4,716,255,728
Total	Rp 42,555,696,826	Rp 16,203,308,741

The changes in the allowance for losses are as follows:

	2001	2000
Balance at beginning of year	Rp 162,033,087	Rp -
Provision during the year	391,416,432	162,033,087
Exchange difference	(127,892,543)	-
Balance at end of year	Rp 425,556,976	Rp 162,033,087

Based on the review and evaluation of the Bank management, the acceptances receivable are classified as pass. Management believes that the allowance for losses is adequate to cover any possible losses on uncollectible acceptances receivable and is computed based on the Bank Indonesia regulations (see Note 2i).

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12. INVESTMENTS IN SHARES OF STOCK

This account represents investments in the shares of stock of the following companies:

2001					
	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings (Loss) of Associated Companies	Carrying Value
<u>Equity Method</u>					
PT United Overseas Bank Indonesia	Banking	20.10%	Rp 10,064,375,770	Rp 60,662,901,230	Rp 70,727,277,000
PT Asuransi BancBali Nippon Fire	General Insurance	51.00	7,650,000,000	23,475,121,934	31,125,121,934
PT Bali Securities	Securities	95.00	10,925,000,000	12,084,193,860	23,009,193,860
Bank Perkreditan Rakyat (18 banks)	Banking	39.17 until 68.00	1,063,800,000	4,982,859,741	6,046,659,741
PT Bali Walden UOB Venture Capital	Venture Capital	35.00	3,500,000,000	1,505,415,931	5,005,415,931
PT Willis Corroon BancBali	Insurance	48.00	1,440,000,000	3,401,624,054	4,841,624,054
PT Bali Tunas Finance	Consumer Finance and Leasing	60.00	15,000,000,000	(14,877,341,534)	122,658,466
			49,643,175,770	91,234,775,216	140,877,950,986
<u>Cost Method</u>					
PT KDLC BancBali Finance	Consumer Finance and Leasing	15.00	6,025,008,536	-	6,025,008,536
Orient Bancorporation, San Fransisco, USA	Banking	4.75	4,242,429,390	-	4,242,429,390
UOB Venture Investment Ltd., Singapore	Venture Capital	5.22	1,511,948,526	-	1,511,948,526
PT Sarana Bali Ventura	Venture Capital	4.66	304,920,000	-	304,920,000
PT Kustodian Sentral Efek Indonesia	Clearing and Depository Institution	1.00	300,000,000	-	300,000,000
PT Sarana Bersama Pembiayaan Indonesia	Investment	0.93	62,000,000	-	62,000,000
PT Aplikasi Lintasarta	Communication	0.40	20,000,000	-	20,000,000
PT Bank UFJ Indonesia (formerly PT Bank Sarwa Indonesia)	Banking	3.77	-	-	-
			12,466,306,452	-	12,466,306,452
Total			62,109,482,222	91,234,775,216	153,344,257,438
Less allowance for losses			-	-	1,806,495,368
Net			Rp 62,109,482,222	Rp 91,234,775,216	Rp 151,537,762,070

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2000					
	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings (Loss) of Associated Companies	Carrying Value
Equity Method					
PT United Overseas Bank Indonesia	Banking	20.10%	Rp 10,084,375,770	Rp 46,218,992,736	Rp 56,283,368,506
PT Asuransi BancBali Nippon Fire	General Insurance	51.00	7,850,000,000	18,989,315,252	26,819,315,252
PT Bali Securities	Securities	95.00	10,825,000,000	10,509,024,072	21,434,024,072
PT Bali Walden UOB Venture Capital	Venture Capital	35.00	3,500,000,000	898,853,654	4,398,853,654
Bank Perkreditan Rakyat (18 banks)	Banking	39.17 until 68.00	1,063,800,000	2,564,802,677	3,628,402,677
PT Willis Corroon BancBali	Insurance	48.00	1,440,000,000	1,842,895,894	3,282,895,894
PT KDLC BancBali Finance	Consumer Finance and Leasing	23.50	3,525,000,000	108,863,642	3,633,863,642
PT Bali Tunas Finance	Consumer Finance and Leasing	60.00	15,000,000,000	(14,877,341,534)	122,658,466
Bali International Finance Ltd., Hong Kong	Deposit Taking	99.64	31,655,103,103	(31,655,103,103)	-
			<u>84,823,278,873</u>	<u>34,579,903,290</u>	<u>119,403,182,163</u>
Cost Method					
PT Prudential BancBali Life Assurance	Life Insurance	11.76	9,114,151,039	-	9,114,151,039
Orient Bancorporation, San Francisco, USA	Banking	4.75	4,242,429,390	-	4,242,429,390
UOB Venture Investment Ltd., Singapore	Venture Capital	5.22	2,843,079,263	-	2,843,079,263
PT Sarana Bali Ventura	Venture Capital	4.66	304,920,000	-	304,920,000
PT Kustodian Sentral Efek Indonesia	Clearing and Depository Institution	1.00	300,000,000	-	300,000,000
PT Sarana Bersama Pembiayaan Indonesia	Investment	0.93	62,000,000	-	62,000,000
PT Aplikasi Lintasarta	Communication	0.40	20,000,000	-	20,000,000
PT Bank UFJ Indonesia (formerly PT Bank Sarwa Indonesia)	Banking	5.03	-	-	-
			<u>16,686,579,692</u>	<u>-</u>	<u>16,686,579,692</u>
Total			<u>101,509,858,565</u>	<u>34,579,903,290</u>	<u>136,089,761,855</u>
Less allowance for losses			-	-	<u>10,379,578,300</u>
Net			<u>Rp 101,509,858,565</u>	<u>Rp 34,579,903,290</u>	<u>Rp 125,710,183,555</u>

The collectibility classification of investments in shares of stock is as follows (In Rupiah millions):

	2001	2000
Pass	Rp 151,770	Rp 126,976
Substandard	1,512	-
Loss	62	9,114
Total	<u>153,344</u>	<u>136,090</u>
Less allowance for losses	<u>1,807</u>	<u>10,380</u>
Net	<u>Rp 151,537</u>	<u>Rp 125,710</u>

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The changes in the allowance for losses are as follows (in Rupiah millions):

	2001	2000
Balance at beginning of year	Rp 10,380	Rp 1,172
Provision (reversal) during the year	(8,573)	9,208
Balance at end of year	Rp 1,807	Rp 10,380

The Bank management believes that the allowance for losses is adequate to cover any possible losses on the non-recoverability of the investments in shares of stock and is computed based on the Bank Indonesia regulations (see Note 2i).

Based on the Minutes of the Stockholders' Extraordinary General Meeting of PT KDLC BancBali Finance No. 11 dated May 22, 2001, the stockholders agreed to increase the paid-up capital from Rp 15 billion to Rp 39.5 billion which arose from the conversion of loan to equity. In relation to this, on May 11, 2001, the Bank has temporary investment under the framework of loan restructuring in PT KDLC BancBali Finance amounting to Rp 2.41 billion and is accounted for under the cost method. Therefore, its ownership interest has decreased from 23.5% to 15%.

Based on the Minutes of Meeting No. 39, which was notarized by Winanto Wiryomartani S.H. M. Hum, on July 14, 2000, PT United Overseas Bank Bali has changed its name to PT United Overseas Bank Indonesia.

Based on the stockholders' meeting of PT Bali Walden UOB Venture Capital dated June 26, 2000, the major stockholders have proposed to liquidate the company and requested the approval from other stockholders. Based on the Letter of IBRA No. 528/BR/0900 dated September 6, 2000, IBRA has approved the liquidation of the company. Based on the stockholders' meeting dated December 5, 2000, which was notarized by the notarial deed of Kun Hidayat, S.H., on the same date, the stockholders approved to liquidate the company effective November 29, 2000. Up to the date of the auditor's report, the liquidation process has not yet been completed.

Based on the announcement letter dated May 24, 2001 of the Directors of UOB Venture Investment Ltd., Singapore to the stockholders, UOB Venture Investment Ltd., has redeemed 30% of its preferred stock. As a result, the Bank has received Rp 5,056,457,481 (SGD 899,100) from the shares redemption on January 17, 2002.

Based on the meeting of the Directors dated June 16, 2000 of UOB Venture Investment Ltd., Singapore, UOB Venture Investment Ltd., has redeemed 30% of its preferred stock. As a result, the Bank has received Rp 4,536,139,320 (SGD 899,100) from the shares redemption.

Based on the minutes of the Stockholders' Extraordinary General Meeting dated May 25, 2000 of PT Prudential BancBali Life Assurance which was notarized by the Notarial Deed No. 149 of Singgih Susilo, S.H., on the same date, the stockholders agreed to increase the Company's authorized capital and paid-up capital. However, the Bank did not participate in the increase in capital resulting in the dilution of its ownership interest from 20.00% to 11.76%. Based on the notarial deed No. 17 dated August 10, 2001 of Sutjipto, S.H., it was agreed to sell all the Bank's shares in PT Prudential BancBali Life Assurance at a selling price amounting to Rp 6 billion. Based on the Termination Agreement dated August 10, 2001, the Bank has received compensation for the termination agreement with PT Prudential BancBali Life Assurance amounting to Rp 61.5 billion (see Note 35).

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In 2000, the Bank's investment in PT Sarana Bali Ventura increased by Rp 304,920,000, because of the distribution of stock dividends.

In 1999, PT Bank Sanwa Indonesia increased its paid-up capital to meet the capital required by Bank Indonesia. However, the Bank did not participate in the increase in capital resulting in the dilution of its ownership interest from 20.10% to 5.03%. Since December 31, 1998, the carrying value of the Bank's investment in PT Bank Sanwa Indonesia is zero as the equity in the accumulated net loss of the associated company already exceeded the carrying value of the investments. Based on the Merger deed No. 9 dated July 18, 2001 which was notarized by Hendra Karyadi S.H., PT Bank Sanwa Indonesia has changed its name into PT Bank UFJ Indonesia.

At the Extraordinary General Meeting of the Stockholders of PT Bali Tunas Finance (BTF) (the Subsidiary) held on October 21, 1998 as covered by the Notarial Deed No. 35 dated November 5, 1998 of Rachmat Santoso, S.H., the stockholders approved to liquidate this subsidiary effective October 31, 1998. As of December 31, 2001, BTF has a net asset value of Rp 389,324,984. Up to the date of the auditors' report, the liquidation process of BTF has not yet been completed.

Based on the Letter of the Bank No. DIR/2001003/LN/UM dated March 12, 2001 to Hong Kong Monetary Authority, the Bank decided to voluntarily revoke the Deposit Taking Company (DTC) license of Bali International Finance, Ltd. Based on the Letter from Hong Kong Monetary Authority No. CB/DTC/408 dated April 3, 2001, the revocation of DTC license became effective on April 4, 2001.

Based on the Sale and Purchase Agreement dated September 25, 2001, and Letter from Sun Hung Kai Securities Limited (SHKSL) dated December 11, 2001, the Bank and SHKSL agreed to sell all the Bank's shares in Bali International Finance Ltd. (BIF) to SHKSL at a purchase price of HKD 29,772,432.

The Bank's equity in the net earnings of Subsidiaries and associated companies totaled Rp 27,295,220,460 and Rp 24,197,842,613 in 2001 and 2000, respectively.

The Bank received cash dividends from the abovementioned investee companies under equity method and cost method totaling Rp 2,202,994,449 and Rp 83,423,527, respectively, in 2001 and Rp 4,262,500,000 and Rp 65,573,682, respectively, in 2000.

13. PREMISES AND EQUIPMENT

2001	Beginning Balances	Additions	Deductions	Ending Balances
	Rp	Rp	Rp	Rp
<u>Carrying Value</u>				
<u>Direct Ownership</u>				
Landrights	233,128,480,749	-	22,081,504,840	211,046,955,909
Buildings (see Note 38)	273,337,587,080	628,065,692	4,359,671,480	269,606,961,272
Furniture, fixtures and office equipment	270,625,291,474	14,379,126,067	19,843,352,937	265,361,064,604
Vehicles	1,387,309,812	517,330,211	1,138,813,476	766,026,547
Total	778,478,628,095	15,525,521,970	47,223,142,733	746,781,008,332
Buildings under construction	-	85,813,500	-	85,813,500
Total Carrying Value	778,478,628,095	15,611,335,470	47,223,142,733	746,866,821,832

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2001	Beginning Balances	Additions	Deductions	Ending Balances
	Rp	Rp	Rp	Rp
<u>Accumulated Depreciation and Amortization</u>				
<u>Direct Ownership</u>				
Buildings	31,393,986,130	10,031,208,055	976,544,499	40,448,649,686
Furniture, fixtures and office equipment	163,856,597,183	29,616,937,382	19,252,695,566	174,220,838,999
Vehicles	1,200,629,803	260,712,804	1,075,618,427	385,724,180
Total Accumulated Depreciation and Amortization	196,451,213,116	39,908,858,241	21,304,858,492	215,055,212,865
Net Book Value	582,027,415,979			531,811,608,967
2000	Beginning Balances	Additions	Deductions	Ending Balances
	Rp	Rp	Rp	Rp
<u>Carrying Value</u>				
<u>Direct Ownership</u>				
Landrights	248,656,293,340	48,000,000	15,575,832,591	233,128,460,749
Buildings (see Note 38)	583,309,778,348	822,833,402	310,795,044,690	273,337,567,060
Furniture, fixtures and office equipment	264,144,183,697	17,468,276,980	10,987,169,203	270,625,291,474
Vehicles	2,025,550,488	232,137,824	870,378,500	1,387,309,812
Total	1,098,135,805,873	18,571,248,206	338,228,424,984	778,478,629,095
Buildings under construction	1,456,465,152	583,465,991	2,039,931,143	-
Total Carrying Value	1,099,592,271,025	19,154,714,197	340,268,356,127	778,478,629,095
<u>Accumulated Depreciation and Amortization</u>				
<u>Direct Ownership</u>				
Buildings	55,652,736,351	12,890,355,108	37,149,105,329	31,393,986,130
Furniture, fixtures and office equipment	138,764,020,756	35,977,162,409	10,884,585,982	163,856,597,183
Vehicles	1,687,483,367	302,346,957	789,200,521	1,200,629,803
Total Accumulated Depreciation and Amortization	196,104,240,474	49,169,864,474	48,822,891,832	196,451,213,116
Net Book Value	903,488,030,551			582,027,415,979

Based on the Decision Letter No. Kep-02/WPJ.06/KP.0404/1997 dated August 5, 1997 of the Head of the Tax Office for Listed Companies, the Bank has obtained the tax office approval to revalue its premises and equipment as of December 31, 1996, based on the Decree of the Ministry of Finance No. 507/KMK.04/1996 dated August 13, 1996. The revaluation increment in premises and equipment amounted to Rp 161,951,397,181.

Based on the appraisal report dated May 12, 2000 by the independent appraiser PT Inti Utama Penilai using the income approach method, there was an impairment in the value of landrights and building totaling Rp 289,221,780,651. Of this amount, Rp 102,001,276,667 was compensated against the revaluation increment in premises and equipment and the balance of Rp 187,220,503,984 was charged to non-operational expenses in the current year (see Note 35).

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The details of revaluation increment in premises and equipment and the amount recorded under Stockholders' Equity are as follows:

Landrights	Rp	161,832,960,895
Buildings	(	1,025,769,009)
Furniture, fixtures and office equipment		1,144,205,295
Amount recorded in Premises and Equipment		161,951,397,181
Payment of final income tax on revaluation increment in premises and equipment	(	16,376,069,780)
Revaluation increment in premises and equipment as recorded under Stockholders' Equity		145,575,327,401
Revaluation related to the premises and equipment with impairment in value	(	102,001,276,667)
Revaluation increment in premises and equipment at the end of year	Rp	43,574,050,734

Additions in 2001 included the exchange difference in the property and equipment of foreign branches. While additions in 2000 included the reclassification of building under construction amounting to Rp 653,835,836 to buildings and exchange difference in property and equipment of foreign branches. The deductions in buildings under construction in 2000 include the write-down of the planned training center amounting to Rp 1.4 billion.

The additions to accumulated depreciation and amortization consist of depreciation and amortization amounting to Rp 39,743,489,008, reclassification of accumulated depreciation of furniture, fixtures and office equipment and vehicles amounting to Rp 36,787,236 and exchange difference in property and equipment of foreign branches amounting to Rp 128,581,997 in 2001. The additions to accumulated depreciation and amortization consist of depreciation and amortization amounting to Rp 48,516,753,637, reclassification of accumulated depreciation of building and exchange difference in property and equipment of foreign branches amounting to Rp 29,360,330 and Rp 623,750,507, respectively, in 2000.

The transfer of 9 titles of certain landrights and buildings in the form of "Hak Guna Bangunan", "Hak Guna Pakai" and strata title to the Bank's name is still in process. The remaining terms of the rights on land and buildings range from 1 to 29 years and can be renewed.

Premises and equipment under direct ownership, except for land, are covered by insurance with PT Asuransi BancBall Nippon Fire, a Subsidiary, against losses by fire and other risks under blanket policies totaling US\$ 71,030,986 and Rp 198,220,727,603, which in the Bank's management opinion, is adequate to cover possible losses from such risks.

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14. OTHER ASSETS

This account consists of the following:

	2001	2000
<u>Rupiah</u>		
Other receivables	Rp 546,466,116,369	Rp 546,466,116,369
Accrued interest receivable	245,005,548,561	140,830,212,515
Real and chattel properties - net of allowance for decline in value of real and chattel properties of Rp 32,179,778,782 in 2001 and Rp 30,398,096,609 in 2000	46,590,619,208	75,147,958,884
Prepaid expenses	21,574,760,170	19,821,702,165
<u>Others</u>		
<u>Rupiah</u>		
Unused property and equipment	21,946,547,869	59,549,500
Guarantee money	9,122,918,754	7,204,603,926
Deferred charges - net	6,250,967,089	6,836,852,379
Advances	4,502,170,501	2,107,318,863
Stationery materials	4,234,556,159	3,362,975,316
Credit card receivables	1,318,987,756	5,407,509,243
Advances for acquisitions of premises and equipment	414,638,650	1,853,751,754
Projects in progress	-	6,074,242,991
Dividends receivable	-	3,115,000,000
Others	10,480,754,090	6,059,310,483
Sub-total	58,271,540,868	42,081,114,455
<u>Foreign Currencies</u>		
Guarantee money	22,318,243,010	23,423,308,530
Receivables from redemption of investment	5,056,457,481	-
Drafts purchased	3,297,918,315	4,048,961,395
Others	235,391,416	-
Sub-total	30,908,010,222	27,472,269,925
Total Others	89,179,551,090	69,553,384,380
Total	Rp 948,816,595,398	Rp 851,819,374,313

The amortization of deferred charges charged to the statements of income amounted to Rp 659,028,834 and Rp 1,096,142,993 in 2001 and 2000, respectively.

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Real and chattel properties amounting to Rp 292,252,810,635 as of June 30, 2000 were transferred to IBRA in accordance with the Sale and Purchase of Land and Building Agreement which was notarized by Notarial Deed No. 20 of Ny. Asmara Noer, S.H. dated September 29, 2000. Those real and chattel properties were still under the Bank's management, arrangement and supervision in accordance with the Temporary Assets Management Agreement, until the Agreement has ended (see Note 10n).

Other receivables amounting to Rp 546.4 billion represents receivables from PT Era Giat Prima which were derived from these transactions:

- As of December 31, 1998, the Bank has money market placements with closed/taken-over banks, namely, PT Bank Dagang Nasional Indonesia Tbk (BDNI), PT Bank Umum Nasional Tbk (BUN) and PT Bank Tiara Asia Tbk (Tiara), totaling Rp 1.477 billion principal plus interests.
- As of January 11, 1999, the total of the above placements, after offsetting with the Bank's liabilities to BDNI and Tiara and adjustment for foreign exchange, amounted to Rp 1,235 billion, consisting of Rp 869.8 billion for BDNI, Rp 327.3 billion for BUN and Rp 38.0 billion for Tiara. On the same date, the Bank entered into a transfer/cessie agreement with PT Era Giat Prima (EGP) for its placements and swap contracts with a principal amount totaling Rp 798.1 billion, consisting of Rp 598.1 billion from BDNI and Rp 200.0 billion from BUN. Such principal amounts plus accrued interests were transferred to EGP and as compensation, EGP agreed to deliver to the Bank marketable securities amounting to Rp 798.1 billion. The Bank also entered into a transfer/cessie agreement with PT Persada Harum Lestari (PHL) for its swap contract amounting to Rp 38.0 billion from Tiara. Such principal amount plus accrued interests were transferred to PHL and as compensation, PHL agreed to deliver to the Bank marketable securities amounting to Rp 38.0 billion.
- On March 29, 1999, the Bank was authorized by EGP to make the claim from BDNI and BUN. On June 1, 1999, the Bank received the payment from Bank Indonesia, in accordance with the letter from IBRA, the amount of Rp 904.6 billion in payment of the BDNI claims. On June 9, 1999, the Bank entered into a settlement agreement with EGP, whereby the Bank transferred a total of Rp 546.4 billion to the account of EGP in full settlement of the transfer/cessie agreement covering the BDNI claims. As a result, the net amount received by the Bank for the BDNI claims was Rp 358.2 billion. The BUN claims have not yet been settled. On June 11, 1999, the Bank received a letter from EGP stating that it will deliver marketable securities totaling Rp 200.0 billion.
- On June 9, 1999, the Bank also entered into a settlement agreement with PHL whereby PHL's obligation to deliver marketable securities totaling Rp 38.0 billion was changed to a payment by check amounting to Rp 22.8 billion. The check had to be encashed not later than June 17, 1999. The Bank already received the check amounting to Rp 22.8 billion on June 17, 1999. On August 19, 1999, PHL requested the Bank to transfer the aforementioned amount of Rp 22.8 billion to the escrow account in the Bank in favor of EGP.
- From August 16 to 19, 1999, the Bank received fund transfers to the escrow account in the Bank in favor of EGP totaling Rp 523.6 billion. With these fund transfers, the total money in the escrow account amounted to Rp 546.4 billion, which were recorded as the Escrow Account qq EGP under Current Liabilities (see Note 15).

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- On October 15, 1999, the transfer/cessie agreement with EGP discussed above was cancelled by virtue of the Decision Letter of the Chairman of IBRA No. SK-423/BPPN/1099. Based on this letter, the Bank was requested to take the necessary actions to gain control and ownership over the amount of Rp 904.6 billion payment received under the government guarantee scheme. Because of this, the Bank claimed back from EGP the amount of Rp 546.4 billion and recorded it as Other Receivable. In addition, the obligation of EGP to deliver the marketable securities amounting to Rp 200.0 billion was cancelled. Thus, the Bank again has claims from BUN for such amount. On the other hand, because the claims from BUN cannot be realized, the Bank provided full allowance for losses for the claims.
- On November 30, 1999, the transfer/cessie agreement with PHL discussed above was cancelled by virtue of the Decision Letter of the Chairman of IBRA No. SK-464/BPPN/1199. Based on this letter, the Bank was requested to take the necessary actions in order to ensure that it is as if the said agreement never took place. Because of this, the Bank recorded back its Tiara claims.
- Based on the Decision Letters of the Chairman of IBRA No. PB-805/BPPN/1299 and No. PB-804/BPPN/1299, both dated December 28, 1999 and also Letter No. PB-158/BPPN/0200 dated February 23, 2000 to the Bank, IBRA guaranteed the payment of the afore-mentioned receivable from EGP amounting to Rp 546.4 billion. IBRA also confirmed that the Tiara claims are eligible for repayment under the government guarantee scheme.
- The placement in BUN amounting to Rp 204.3 billion was transferred to BPPN in accordance with the Sale, Purchase and Transfer of Rights on Receivables Agreement dated September 29, 2000 which was legalized by Notary No. 1181/leg/2000 (see Note 10n).
- The placement in Tiara amounting to US\$ 10 million had been fully paid by Tiara on September 11, 2000. The Bank also paid the call money to Tiara amounting to Rp 39 billion on the same date.

15. CURRENT LIABILITIES

This account consists of the following:

	2001	2000
<u>Rupiah</u>		
Bank Bali Escrow Account qq EGP (see Note 14)	Rp 546,466,116,369	Rp 546,466,116,369
Withholding tax payable-Articles 21, 23, 26, 4(2) and value-added tax	23,124,764,197	16,626,267,764
Creditors' accounts	17,534,167,638	32,877,348,733
Credit cards and debit cards payable	9,727,983,915	18,905,389,984
Premiums payable	1,008,997,059	539,621,611
Dividends payable	356,361,057	356,361,057
Money transfer	142,500,884	27,508,929,559
Others	15,333,704,460	28,373,025,686
Sub-total	613,694,595,579	671,653,060,763

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	2001	2000
<u>Foreign Currencies</u>		
Money transfers	Rp 82,185,583,235	Rp 46,567,746,043
Creditors' accounts	1,760,023,884	220,102,971
Others	99,463,783	25,014,937,321
Sub-total	84,045,070,902	71,802,786,335
Total	Rp 697,739,666,481	Rp 743,455,847,098

16. DEMAND DEPOSITS

This account consists of the following:

	2001		
	Rupiah	Foreign Currencies	Total
Third parties	Rp 1,005,527,257,142	Rp 1,077,578,482,029	Rp 2,083,105,739,171
Related parties	4,660,212,095	1,950,796,536	6,611,008,631
Total	Rp 1,010,187,469,237	Rp 1,079,529,278,565	Rp 2,089,716,747,802

	2000		
	Rupiah	Foreign Currencies	Total
Third parties	Rp 887,072,116,091	Rp 665,907,479,269	Rp 1,552,979,595,360
Related parties	12,976,391,450	1,863,152,974	14,839,544,424
Total	Rp 900,048,507,541	Rp 667,770,632,243	Rp 1,567,819,139,784

These related parties are associated companies and key management personnel of the Bank.

Demand deposits frozen at the end of 2001 amounted to Rp 7,408,789,072 and US\$ 961,298, while at the end of 2000 amounted to Rp 8,824,122,915 and US\$ 962,952. Demand deposits frozen are generally used to guarantee transactions with the Bank.

The annual average interest rates is 5.29% in 2001 and 4.30% in 2000 for Rupiah demand deposits and 3.48% in 2001 and 3.62% in 2000 for demand deposits denominated in foreign currencies.

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17. SAVINGS DEPOSITS

This account consists of the following:

	2001	2000
Si Jempol savings	Rp 697,110,326,060	Rp 527,692,745,459
Baliprogres savings	569,008,652,902	568,678,350,706
Bali Turbo savings	306,987,327,998	327,958,379,300
Bali Direct savings	36,840,666,116	32,421,643,202
Payroll savings	36,004,267,547	-
Ambisi savings	7,183,156,287	6,233,199,533
Total	Rp 1,653,134,396,910	Rp 1,462,984,318,200

Savings deposits received from related parties-key management personnel as of December 31, 2001 and 2000 amounted to Rp 2,551,280,031 and Rp 1,276,835,444, respectively, or about 0.02% and 0.01% of the respective total liabilities.

Savings deposits frozen at the end of 2001 and 2000 amounted to Rp 15,693,111,424 and Rp 10,278,414,778, respectively. Saving deposits frozen are caused by wrong PIN (Personal Identification Number), the loss of cards, bundling program between credit card and certain product savings and withdrawal of deposits which are credited to savings account as requested by customers but the certificate of deposits have not been submitted by customers.

The annual average interest rate of savings deposits in 2001 and 2000 is 8.77% and 9.01%, respectively.

18. TIME DEPOSITS

This account consists of the following:

	2001		
	Rupiah	Foreign Currencies	Total
Third parties	Rp 6,026,053,770,311	Rp 698,223,314,375	Rp 6,724,277,084,686
Related parties	8,754,388,433	12,722,514,792	21,476,903,225
Total	Rp 6,034,808,158,744	Rp 710,945,829,167	Rp 6,745,753,987,911

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	2000		
	Rupiah	Foreign Currencies	Total
Third parties	Rp 5,130,812,153,007	Rp 497,148,890,382	Rp 5,627,961,043,389
Related parties	14,278,706,027	-	14,278,706,027
Total	Rp 5,145,090,859,034	Rp 497,148,890,382	Rp 5,642,239,749,416

The details of non bank time deposits classified according to the remaining maturity periods are as follows:

	2001		
	Rupiah	Foreign Currencies	Total
1 month	Rp 5,525,972,218,198	Rp 633,898,213,800	Rp 6,159,870,431,998
3 months	446,559,125,289	59,268,031,234	505,827,156,523
6 months	23,278,551,848	15,928,525,371	39,207,077,219
12 months	38,998,263,409	1,851,058,762	40,849,322,171
Total	Rp 6,034,808,158,744	Rp 710,945,829,167	Rp 6,745,753,987,911

	2000		
	Rupiah	Foreign Currencies	Total
1 month	Rp 5,025,256,725,765	Rp 457,591,891,344	Rp 5,482,848,617,109
3 months	83,437,070,518	32,708,370,272	116,143,440,788
6 months	32,821,886,390	4,688,926,881	37,510,813,271
12 months	1,845,444,818	1,310,278,328	3,155,723,146
More than 12 months	1,729,731,545	851,423,557	2,581,155,102
Total	Rp 5,145,090,859,034	Rp 497,148,890,382	Rp 5,642,239,749,416

The details of time deposits classified according to the period of time are as follows:

	2001	2000
Rupiah		
1 month	Rp 5,132,429,968,764	Rp 4,921,338,472,356
3 months	722,990,988,459	131,179,907,117
6 months	5,798,566,050	15,971,417,887
12 months	173,588,635,471	76,601,061,672
Sub-total	6,034,808,158,744	5,145,090,859,032

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	2001	2000
<u>Foreign Currencies</u>		
1 month	Rp 620,571,669,232	Rp 451,450,578,265
3 months	60,229,827,299	15,900,345,870
6 months	8,977,166,490	12,918,090,905
12 months	21,167,166,146	16,879,875,342
Sub-total	710,945,829,167	497,148,890,382
Total	Rp 6,745,753,987,911	Rp 5,642,239,749,414

Time deposits amounting to Rp 307,598 million and Rp 175,767 million as of December 31, 2001 and 2000, respectively, are pledged as collateral to the credit facilities granted by the Bank (see Note 10).

The foregoing related parties are associated companies and key management personnel of the Bank.

The annual average interest rates is 15.24% in 2001 and 12.10% in 2000 for Rupiah time deposits and 5.18% in 2001 and 5.76% in 2000 for time deposits denominated in foreign currencies.

19. ACCEPTANCES PAYABLE

Acceptances payable based on counter-party represent liabilities to other banks denominated in foreign currencies.

Acceptances payable classified according to the remaining maturity periods are as follows:

	2001	2000
Less than 1 month	Rp 15,766,900,153	Rp 7,337,925,325
1 - 3 months	17,816,667,616	4,149,127,688
3 - 6 months	8,972,129,057	4,716,255,728
Total	Rp 42,555,696,826	Rp 16,203,308,741

20. TAXES PAYABLE

The reconciliation between income (loss) before tax expense (benefit) as shown in the statements of income and estimated taxable income (loss) for the years ended December 31, 2001 and 2000 is as follows:

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	2001	2000
Commercial income (loss) before tax expense (benefit) - Bank	Rp 136,974,668,649	(Rp 1,106,817,957,401)
<u>Temporary differences</u>		
Rent expense	2,567,012,885	572,266,307
Dividend income	2,202,994,449	4,262,500,000
Salaries and employees' benefits	2,006,393,170	2,006,393,170
Provision for losses on real and chattel properties	1,781,682,173 (	306,195,480,802)
Gain on sale of premises and equipment	240,023,816	25,705,141
Loss from loan restructuring	15,512,212	688,027,926
Provision for losses on earning assets - net	(48,377,075,444) (	317,703,072,838)
Gain on sale of investment in shares of stock	(37,040,952,064)	-
Equity in net earnings of Subsidiaries and associated companies - net	(27,295,220,460) (	24,197,842,613)
Depreciation and amortization of premises and equipment	(15,326,073,295) (	13,924,438,144)
Amortization of deferred charges	(3,275,251,850) (	1,715,555,511)
Loss on write-off of premises and equipment	(1,384,721,967) (	1,050,262,211)
Revaluation of premises and equipment - Building	-	273,645,948,060
<u>Permanent differences</u>		
Penalties	1,593,465,260	1,261,960,238
Donations and employees' benefits in kind	752,008,904	611,228,064
Rent income	(4,346,770,514) (	4,706,781,454)
Dividend income	(1,197,994,449) (	4,357,323,682)
Revaluation of premises and equipment - Land	-	86,425,444,076)
Income from mutual fund unit	-	1,710,361,225)
Estimated taxable income (loss) of the Bank	Rp 11,889,701,475	(Rp 1,585,530,491,051)

Taxable income of the Bank for 2001 can be compensated with the accumulated loss from previous years.

The computation of tax expense (benefit) for the Bank is as follows:

	2001	2000
Deferred income tax		
Effects of temporary differences at the maximum tax rate (30%)		
Provision for losses on earning assets - net	Rp 13,913,122,633	Rp 94,966,691,549
Premises and equipment	4,941,231,434 (	77,609,085,854)
Amortization of deferred charges	982,575,555	514,866,653
Tax loss	(15,391,772,500) (53,029,057,500)

(Forward)

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	2001	2000
Rent expense	(Rp 770,103,866)	(Rp 171,679,892)
Other liabilities	(601,917,951)	(601,917,951)
Provision for losses on real and chattel properties	(534,504,652)	(9,119,428,983)
Loss from loan restructuring	(4,653,664)	(206,408,378)
Others	2,173,108,127	2,128,370,743
Estimated tax expense (benefit) - deferred	Rp 4,707,085,116	(Rp 43,127,849,613)

The significant effects of temporary differences between commercial and tax reporting are as follows:

	2001	2000
Deferred income tax - assets		
Tax loss	Rp 111,294,730,000	Rp 95,902,957,500
Premises and equipment	51,384,561,981	56,325,793,415
Allowance for losses on real and chattel properties	9,653,933,635	9,119,428,983
Other liabilities	1,203,835,902	601,917,951
Allowance for losses on earning assets - net	-	5,517,112,535
Others	-	2,173,108,127
Total	173,537,061,518	169,640,318,511
Deferred income tax - liabilities		
Provision for losses on earning assets - net	8,396,010,098	-
Deferred charges	1,548,243,807	565,668,252
Rent expense	699,747,635	1,469,851,501
Loss from loan restructuring	205,619	4,859,283
Total	10,644,207,159	2,040,379,036
Deferred income tax - assets - net	Rp 162,892,854,359	Rp 167,599,939,475

Based on the tax assessment letter on the overpayment of tax (SKPLB) No. 00145/406/99/054/01 dated June 26, 2001, the net income of the Bank in 1999 should be Rp 292,144,950,501. The Bank had submitted an objection on those SKPLB, however up to the date of the auditors' report, there is no decision from the Directorate General of Taxes.

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21. TRADING ACCOUNT SECURITIES ISSUED

These trading account securities issued consist of the following:

	2001	2000
Floating Rate Certificates of Deposit (FRCD)	Rp 260,000,000,000	Rp 287,850,000,000
Drafts issued	7,888,281,982	10,140,646,888
Total	Rp 267,888,281,982	Rp 297,990,646,888

On August 15, 1997, the Bank issued to a syndicate of foreign financial institutions Negotiable Floating Rate Certificates of Deposit (FRCD) with the principal amount of US\$ 250,000 each, or totaling US\$ 30,000,000. These certificates bear annual interest at 0.85% above LIBOR and are payable every February and August. These certificates of deposit will be due in August 2002. On June 15, 2001, the FRCD which has been withdrawn amounted to US\$ 5,000,000.

The above FRCD bear annual interest rates ranging from 4.41% to 7.73% in 2001 and from 6.79% to 7.23% in 2000.

22. FUND BORROWINGS

The details of fund borrowings are as follows:

	2001	2000
<u>Rupiah</u>		
a) Two-step loans	Rp 93,073,396,816	Rp 109,263,226,030
b) Bank Indonesia	-	95,620,297,625
Sub-total	93,073,396,816	204,883,523,655
<u>Foreign Currencies</u>		
a) Two-step loans	74,534,205,616	79,344,197,746
c) Placements by other banks	72,800,000,000	-
d) Long-term debt	462,800,000,000	1,117,054,010,018
Sub-total	610,134,205,616	1,196,398,207,764
Total	Rp 703,207,602,432	Rp 1,401,281,731,419

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a) Two-Step Loans

This account consists of the following:

	2001	2000
<u>Rupiah</u>		
1) Export-Import Bank of Japan	Rp 80,402,296,816	Rp 93,399,926,030
2) Asian Development Bank	5,978,000,000	7,686,000,000
3) International Bank for Reconstruction and Development	6,693,100,000	8,177,300,000
Sub-total	93,073,396,816	109,263,226,030
<u>Foreign Currency</u>		
2) Asian Development Bank	74,534,205,616	79,344,197,746
Total	Rp 167,607,602,432	Rp 188,607,423,776

1) Export-Import Bank of Japan (EIBJ)

The Bank (through Bank Indonesia) obtained a credit facility with a maximum amount of JPY 4,080,000,000 from EIBJ. The credit facilities consist of four tranches, namely, the second tranche of EIBJ amounting to JPY 1,000,000,000 since November 10, 1989, the third tranche of EIBJ amounting to JPY 1,000,000,000 since February 4, 1991, the fourth tranche of EIBJ amounting to JPY 1,100,000,000 since January 28, 1992, and the fifth tranche of EIBJ amounting to JPY 980,000,000 since June 16, 1992.

The loans are repayable in semi-annual installments (after a three-year grace period) commencing on April 1, 1993, January 15, 1994 and July 15, 1995 for the second, third and fourth tranches, respectively. These funding arrangements cover a period of 15 years except for the fifth tranche, which covers a period of 11 years and is repayable in semi-annual installments (after a two-year grace period) commencing on September 15, 1994.

Based on the relending agreement dated February 13, 1995, the Bank obtained an additional loan facility from EIBJ amounting to JPY 600,000,000. The loan, which covers a period of 15 years, is repayable in semi-annual installments (after a three-year grace period) commencing on December 15, 1997.

Based on the relending agreement dated November 21, 1996, the Bank obtained an additional loan facility from EIBJ amounting to JPY 2,200,000,000. The loan, which covers a period of 14 years, is repayable in semi-annual installments (after a three-year grace period) commencing on February 15, 2000.

The loans bear annual interest at rates ranging from 8.30% to 15.41% in 2001 and from 10.72% to 14.31% in 2000.

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2) Asian Development Bank (ADB)

Rupiah

The Bank (through Bank Indonesia) obtained a credit facility with a maximum amount of US\$ 15,000,000 since January 24, 1990 from ADB. The loan, which covers a period of 15 years, is repayable in semi-annual installments (after a three-year grace period) commencing on July 15, 1993.

The loans bear annual interest at rates ranging from 9.01% to 9.67% in 2001 and ranging from 9.76% to 14.33% in 2000.

Foreign Currency

The Bank (through Bank Indonesia) obtained a credit facility with a maximum amount of US\$ 22,222,222 since December 29, 1993 from ADB. The loan, which covers a period of 15 years, is repayable in semi-annual installments (after a four-year grace period) commencing on August 1, 1997.

The loans bear annual interest at rates 7.20% in 2001 and ranging from 6.96% to 7.03% in 2000.

3) International Bank for Reconstruction and Development (IBRD)

The investment loan represents long-term loan granted to the Bank's customers as funded by IBRD coursed through Bank Indonesia with a maximum amount of US\$ 8,000,000 since July 27, 1989 and is used to finance small and medium industries in Indonesia. The loan used by the Bank amounted to US\$ 5,700,000. The loan, which covers a period of 15 years, is repayable in semi-annual installments (after a three-year grace period) commencing on October 1, 1992.

The loans bear annual interest at rates ranging from 9.25% to 9.82% in 2001 and from 10.28% to 14.79% in 2000.

The Bank obtained another credit facility in accordance with the Agricultural Financing Project through Bank Indonesia with a maximum amount of US\$ 5,300,000 since June 20, 1995. The loan, which covers a period of 12 years, is repayable in semi-annual installments (after a three-year grace period) commencing on September 30, 1998.

The loans bear annual interest at rates ranging from 11.62% to 12.53% in 2001 and from 11.22% to 13.50% in 2000.

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b) Bank Indonesia

Liquidity loans are obtained from Bank Indonesia to be re-loaned to local customers in the following forms:

	2000
Loans for primary cooperative members (KKPA)	Rp 95,615,575,825
Small-scale investment loans (KIK)	4,721,800
Total	Rp 95,620,297,625

The liquidity loans consist of credit facilities for KIK due in June 2001. KKPA will be due in February 2007, based on Bank Indonesia Letter No. 3/3/BKR/PAdk dated January 3, 2001, KKPA facility amounting to Rp 95,615,575,825 has been withdrawn in connection with the transfer of the KKPA project to IBRA. The liquidity loans bear annual interest at rates ranging from 3.00% to 11.00% in 2000.

c) Placements by Other Banks

This account represents outstanding balances of placements by other banks at the Bank with the annual interest rate at 5.5% in 2001.

d) Long-term Debt

The placements in foreign currencies include revolving credit facilities obtained from a foreign financial institution with facilities of up to US\$ 30,000,000, US\$ 20,000,000 and US\$ 15,000,000 and bear annual interest rates of 1.00%, 1.00% and 0.70% above LIBOR, respectively. The first, second and third facilities became due on October 16, 1998, July 13, 2000 and September 12, 2001, respectively. Based on the borrowing agreement, the Bank is obliged to follow certain restrictions and has to fulfill certain obligations. The Bank did not comply with certain restrictions, relating to, among others, the change in the Bank's management in connection with the transfer of the Bank to IBRA (see Note 43i).

On August 18, 1998, the Bank entered into an exchange offer agreement through and guaranteed by Bank Indonesia, in which loan facilities of US\$ 96,787,142 which came from the Revolving Credit Facilities of US\$ 30,000,000 and US\$ 20,000,000 and facilities from other banks of US\$ 46,787,142 were exchanged to new loans. These new loans were divided into four (4) tranches with different due dates as follows:

Tranche	Amount	Due Date
One year	US\$ 13,955,571	August 25, 1999
Two years	27,911,143	August 25, 2000
Three years	41,266,714	August 25, 2001
Four years	13,653,714	August 25, 2002

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The interest for each tranche of new loans will be paid semi-annually at the rates of 2.75%, 3.00%, 3.25% and 3.50% above six months LIBOR, for tranche 1 year, 2 years, 3 years and 4 years, respectively.

The loan facilities which matured on August 25, 2000 and 1999 have been fully paid and the facilities which matured on August 25, 2001 and 2002 have been fully paid on February 25, 2001.

On May 25, 1999, the Bank entered into an exchange offer agreement through and guaranteed by Bank Indonesia, in which loan facilities of US\$ 15,000,000 were exchanged to new loans which were divided into 3 (three) tranches with different due dates as follows:

Tranche	Amount	Due Date
One year	US\$ 1,500,000	June 1, 2002
Two years	6,750,000	June 1, 2003
Three years	6,750,000	June 1, 2004

The interest for each tranche of new loans will be paid semi-annually at the rate of 2.25%, 2.375% and 2.50% above six months LIBOR, for tranches 1 year, 2 years and 3 years, respectively.

On September 10, 1993, the Bank has issued to a syndicate of foreign financial institutions Negotiable Floating Rate Certificates of Deposit with principal amount of US\$ 250,000 each, totaling US\$ 50,000,000. These certificates bear annual interest at 1.25% above LIBOR and payable semi-annually in arrears. These certificates originally became due on October 28, 1996 and were extended up to October 28, 1999 with annual interest at 0.78% above LIBOR. On December 7 and 8, 1998, the Negotiable Floating Rate Certificates of Deposit amounting to US\$ 2,000,000 and US\$ 1,500,000, respectively, were repurchased.

On May 25, 1999, the Negotiable Floating Rate Certificates of Deposit totaling US\$ 46,500,000 were included in the Exchange Offer II Program, through and guaranteed by Bank Indonesia. These facilities were exchanged to new loans which were divided into 3 (three) tranches with different due dates as follows:

Tranche	Amount	Due Date
One year	US\$ 4,350,000	June 1, 2002
Two years	19,575,000	June 1, 2003
Three years	22,575,000	June 1, 2004

During 2001, Exchange Offer II amounting to US\$ 17,000,000 has been repurchased.

The interest for each tranche of new loans will be paid semi-annually at the rates of 2.25%, 2.375% and 2.50% above six months LIBOR, for tranches 1 year, 2 years and 3 years, respectively.

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23. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

This account represents estimated loss arising from the following commitments and contingencies:

	2001		2000	
<u>Rupiah</u>				
Bank guarantees	Rp	209,000,000	Rp	3,627,992,122
Irrevocable letters of credit		34,000,000		92,000,000
<u>Foreign Currencies</u>				
Irrevocable letters of credit		272,920,839		6,720,826,913
Bank guarantees		16,719,203,571		42,896,000,000
Total	Rp	17,235,124,410	Rp	53,336,819,035

The quality of commitments and contingencies transactions that have credit risks are as follows (in Rupiah millions):

Quality	2001			2000		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Pass	24,296	40,190	64,486	9,215	326,720	335,935
Special mention	-	331,805	331,805	-	-	-
Doubtful	-	-	-	13,442	478	13,920
Total	24,296	371,995	396,291	22,657	327,198	349,855
Provision for losses	(243)	(16,992)	(17,235)	(3,720)	(49,617)	(53,337)
Net	24,053	355,003	379,056	18,937	277,581	296,518

The changes in the allowance for losses are as follows (in Rupiah millions):

Description	2001			2000		
	Rupiah	Foreign Currencies	Total	Rupiah	Foreign Currencies	Total
Balance at beginning of year	3,720	49,617	53,337	43,352	-	43,352
Provision during the year	(3,477)	(42,763)	(46,240)	(39,632)	49,617	9,985
Exchange difference	-	10,138	10,138	-	-	-
Balance at the end of year	243	16,992	17,235	3,720	49,617	53,337

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24. OTHER LIABILITIES

This account consists of the following:

	2001	2000
<u>Rupiah</u>		
Accrued interest	Rp 57,651,885,049	Rp 36,572,541,570
Accrued expenses	31,974,226,650	30,751,053,087
Advances received	7,027,120,698	9,289,077,020
Guarantee deposits	6,112,635,065	5,695,614,249
Others	8,398,436,116	1,747,065,752
Sub-total	111,164,303,578	84,055,351,678
<u>Foreign Currencies</u>		
Accrued interest	10,346,406,503	36,217,756,502
Guarantee deposits	787,505,424	3,986,848,438
Accrued expenses	249,054,045	170,632,778
Others	1,148,405,024	1,214,735,419
Sub-total	12,531,370,996	41,589,973,137
Total	Rp 123,695,674,574	Rp 125,645,324,815

25. CAPITAL STOCK AND CAPITAL PAID-IN EXCESS OF PAR VALUE

At the stockholders' extraordinary general meeting held on August 28, 2000 which was notarized by Notarial Deed No. 37 of A. Partomuan Pohan, S.H., LL.M., the stockholders agreed to:

- Change the Bank's Articles of Association.
- Increase the Bank's issued and fully paid capital through Limited Public Offering (Rights Issue) III, by 66,528,577,467 class B shares representing common stock with Rp 5 par value per share at the offering price of Rp 80.51 per share.
- Authorize IBRA, as the party exercising the right and authority of the Board of Commissioners of the Bank, to increase the Bank's issued and fully paid capital from Rp 336,002,916,500 to Rp 668,645,803,835.
- Transfer part of the Bank's assets to IBRA at nil values, either for the assets which are still recorded in the Bank or those already written off, consisting of:
 - a. Loans (including trading account securities and placements with other banks) which are classified as loss,
 - b. Loans which were previously classified as loss but have been restructured; and/or
 - c. Bank assets which were derived from the settlement of loans classified as loss, including ex-real and chattel properties from those loss loans.

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Based on the Decision Letter of the Chairman of IBRA No. SK-462/BPPN/1199 dated November 29, 1999, the Bank has conducted the Limited Public Offering (Rights Issue III) on August 28, 2000. The Government of the Republic of Indonesia, through IBRA as a stand-by buyer in the Rights Issue III, has participated and fully paid the 66,011,335,917 class B shares which were not subscribed by the public. The cash amounted to Rp 5,314,357,000,000. These proceeds were used to buy Government Bonds (see Note 8). The difference amounting to Rp 5,018,534,925,262 between the par value of class B shares and the offering price after deducting the expenses in connection with the Rights Issue III, is presented as Capital Paid in Excess of Par Value - Net.

Based on the Decision Letter No. KEP-06/PM/2000 dated March 13, 2000 from the Capital Market Supervisory Agency (BAPEPAM) regarding "The Guidelines in the Presentation of Financial Statements", which became effective on January 1, 2000, expenses in connection with the Bank's Limited Public Offering (Rights Issue) III amounting to Rp 4,820,615,232 were presented as deduction from the Capital Paid in Excess of Par Value - Net.

Based on the Minutes of the Stockholders' Extraordinary General Meeting held on August 28, 2000, which was notarized by Notarial Deed No. 38 of A. Partomuan Pohan, S.H., LL.M., the stockholders agreed to the changes in the Bank's Articles of Association, covering, among others, changes in the capital, shares, share certificates, directors, directors' duties and authority, directors' meeting, board of commissioners, board of commissioners' meeting, quorum, voting rights and the decision to use the profit, closure and liquidation.

The amendments of the Articles of Association of the Bank were notarized by the Notarial Deed No. 11 of A. Partomuan Pohan, S.H., LL.M., No. 11 dated November 6, 2000. Accordingly, the Bank's issued and fully paid capital became 672,005,833 class A shares with Rp 500 par value per share and 66,528,577,467 class B shares with Rp 5 par value per share, resulting to the total capital amount of Rp 668,645,803,835.

Based on the Minutes of the Stockholders' Extraordinary General Meeting held on November 23, 2000 which was notarized by Notarial Deed No. 51 of A. Partomuan Pohan, S.H., LL.M. the stockholders agreed to:

1. Change all class A shares still in the portfolio, with original Rp 500 par value per share to become class B shares with Rp 5 par value per share. Consequently, the Bank's authorized capital amounting to Rp 800,000,000,000 consists of 672,005,833 class A shares with Rp 500 par value per share and 92,799,416,700 class B shares with Rp 5 par value.
2. The changes in the composition of the Bank's boards of commissioners and directors (see Note 43i).
3. The changes in the salaries and other facilities for the Banks' members of the boards of commissioners and directors.

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The details of the share ownership of the Bank are as follows:

Stockholders	2001 and 2000			
	Number of Shares Issued and Fully Paid		Percentage of Ownership	Amount
	Class A (Rp 500 par value)	Class B (Rp 5 per value)		
The Indonesian Bank Restructuring Agency	-	66,011,335,917	98.23%	Rp 330,056,679,585
Public	672,005,833	517,241,550	1.77	338,589,124,250
Total	672,005,833	66,528,577,467	100.00%	Rp 668,645,803,835

After the recapitalization program, the Bank has fulfilled the minimum capital requirement (KPM) as required by Bank Indonesia. Nevertheless, under the Bank Indonesia Regulation No. 2/11/PBI/2000 dated March 31, 2000, Article 5, Clause 1, the Bank's status is still as a Taken-Over Bank (BTO) since the soundness program of the Bank has not yet been completed.

Based on the letter from Clearstream Banking AG (formerly Deutsche Bourse Clearing AG/DBC AG) dated January 11, 2000, Clearstream Banking AG has declared that Clearstream Banking AG had no intention to take control of the Bank's management (see Note 43h).

The public stockholders include directors with total stockholdings of 1,779,000 shares and 1,790,000 shares or 0.002% of the total shares issued and fully paid as of December 31, 2001 and 2000, respectively.

26. DIFFERENCE IN FOREIGN CURRENCY TRANSLATION

This account represents the exchange rate differentials resulting from the translation of the financial statements of the Bank's branches in Los Angeles, USA and Cayman Islands from United States Dollar to Indonesian Rupiah (see Note 2u).

27. FOREIGN CURRENCY TRANSACTIONS

The outstanding receivables and payables arising from foreign currency transactions consist of:

Foreign Currencies	Rupiah Equivalent	
	2001	2000
Receivables		
Unrealized spot foreign currencies bought for trading		
United States Dollar	Rp 88,847,223,528	Rp 9,699,601,044
Japanese Yen	1,042,192,800	-
European Euro	2,990,627,250	-
Total	Rp 90,880,043,578	Rp 9,699,601,044

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	Foreign Currencies	Rupiah Equivalent	
		2001	2000
Payables			
Unrealized spot foreign currencies sold for trading			
	United States Dollar	Rp 83,058,274,000	Rp 37,928,795,701
	Japanese Yen	2,608,333,200	3,921,999,017
	Singapore Dollar	1,561,478,612	2,670,402,814
	European Euro	7,229,220	1,752,988,522
	Australian Dollar	3,051,236	1,487,482,428
	Hong Kong Dollar	-	984,434,825
	British Poundsterling	-	593,786,949
	Canadian Dollar	-	103,821,413
	New Zealand Dollar	-	87,936,383
	Danish Krone	-	42,813,996
Total		Rp 87,238,366,268	Rp 49,574,462,048

28. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of business, the Bank has transactions with related parties as follows:

- Loans (see Note 10).
- The insurance coverage on premises and equipment (see Note 13).
- Demand deposits, savings deposits and time deposits (see Notes 16, 17 and 18).
- In September 2000, the Bank has transferred and assigned all its rights and ownership in non-performing earning assets to IBRA based on the balance as of June 30, 2000 (see Note 10n).
- In connection with the Bank's recapitalization, the Government of the Republic of Indonesia acquired temporary investment in the Bank through the issuance of Government Bonds (see Note 8).

29. INTEREST INCOME

Interest income was derived from:

	2001	2000
Trading account securities held	Rp 874,727,584,681	Rp 243,999,668,461
Loans	238,898,688,277	218,835,146,273
Placements with other banks	75,144,333,762	90,717,212,767
Others	6,397,001,999	4,279,742,425
Total	Rp 1,195,167,608,719	Rp 557,831,769,926

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30. INTEREST EXPENSE

This account represents interest incurred on:

	2001	2000
Time deposits	Rp 849,386,516,730	Rp 442,383,772,746
Savings	145,431,807,485	130,837,511,858
Demand deposits	88,532,247,279	62,788,954,764
Fund borrowings	69,967,966,047	136,610,260,272
Government guarantee premium	27,797,418,226	20,909,257,382
Trading account securities issued	3,442,381,243	10,079,567,370
Call deposits	242,904,003	60,333,536,095
Total	Rp 1,184,781,041,013	Rp 863,942,860,487

31. FEES

This account consists of the following:

	2001	2000
Administration fees	Rp 64,398,988,653	Rp 37,349,119,713
Commissions from debit cards	17,198,805,231	16,919,752,973
Commissions on imports and exports	11,547,111,341	11,827,213,288
Commissions from bank note transactions	6,106,853,379	6,213,791,800
Safety deposit box fees	4,024,443,097	3,857,986,796
Management fee	2,361,931,865	511,319,208
Commissions from bank guarantees	719,828,961	574,305,525
Custodial service	171,020,957	239,189,505
Commissions from brokerage	16,579,710	-
Others	921,115,464	454,682,556
Total	Rp 107,466,678,658	Rp 77,947,361,364

32. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	2001	2000
Office expense	Rp 120,187,349,811	Rp 110,150,502,250
Repairs and maintenance	52,414,759,604	46,387,320,112
Depreciation and amortization	40,402,517,842	53,006,620,588
Promotions	18,674,625,242	6,757,799,347
Total	Rp 231,679,252,499	Rp 216,302,242,297

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33. SALARIES AND EMPLOYEES' BENEFITS

This account represents salaries, bonus, New Year's allowances, overtime pay, insurance, training and education expenses, and other expenses for the Bank's employees.

For the year ended December 31, 2001, the gross salaries of the Boards of Commissioners and Directors amounted to Rp 6,857,657,101, while for the year ended December 31, 2000, the gross salaries of the Boards of Commissioners and Directors, and the management and supervision team of the Bank amounted to Rp 2,536,610,863. In 2000, not all of the gross salaries of the management and supervision team were charged to the 2000 financial statements.

34. RETIREMENT BENEFITS

The Bank has a defined contribution retirement plan covering its qualified permanent employees who chose to join the retirement plan. The plan is administered by a duly appointed trustee, "Dana Pensiun Bank Bali", which has been approved by the Ministry of Finance in its Decision Letter No. KEP-320/KM.17/1994 dated November 10, 1994. Contributions to the fund are calculated based on a certain percentage of the employees' salaries. The contributions consist of the Bank and employees' contributions at 5% and 2.5%, respectively, of the employees' salaries. Retirement benefits charged to operations amounted to Rp 4,141,750,159 and Rp 3,573,545,672 for the years ended December 31, 2001 and 2000, respectively.

In 2001 and 2000, the Bank recorded an accrual for termination, gratuity and compensation expenses amounting to Rp 2,006,393,170 as provided under the Ministry of Manpower Decree No. Kep-150/Men/2000 dated June 20, 2000 regarding the Settlement of Work Dismissal and Determination of Separation, Gratuity and Compensation Payments by Companies. This accrued liability has been determined based on the actuarial valuation as of December 31, 2000 performed by PT Dian Artha Tama, an independent actuary, based on its report dated April 9, 2001 adopting the Projected Unit Credit method. Such accrual is presented as part of salaries and employees' benefits in the 2001 and 2000 statements of income.

35. NON-OPERATING INCOME (EXPENSES) - NET

This account consists of the following:

	2001	2000
Compensation for termination agreement with PT Prudential BancBali Life Assurance (see Note 12)	Rp 61,500,000,000	Rp -
Gain on sale of investment in shares of stocks	34,550,364,156	-
Gain on sale of real and chattel properties	8,903,653,149	6,484,799,927
Rent income	4,346,770,514	4,706,781,454
Gain on sale of premises and equipment	2,335,499,163	84,318,895

(Forward)

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	2001	2000
Donations	(Rp 69,485,750)	(Rp 254,275,353)
Claim income	-	39,132,975
Loss on impairment of asset values (see Note 13)	-	(187,220,503,984)
Others - net	1,472,759,633	2,108,090,180
Net	Rp 113,039,560,865	(Rp 174,051,655,906)

36. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies to third parties are as follows:

	December 31,	
	2001	2000
COMMITMENTS		
Commitment Payables		
Unused loan facilities granted	Rp 549,221,242,915	Rp 182,557,161,869
Outstanding irrevocable letters of credit	30,716,652,181	22,656,920,375
Total Commitment Payables	579,937,895,096	205,214,082,244
CONTINGENCIES		
Contingent Receivables		
Interest receivables on non-performing loans (see Note 2g)	23,060,873,302	87,935,000,000
Contingent Payables		
Guarantees issued in the form of:		
Standby letters of credit	331,930,830,321	306,245,942,529
Performance bonds	23,754,225,751	18,459,762,464
Advance payment bonds	8,354,510,384	115,226,904
Custom bonds	790,976,362	984,554,714
Bid bonds	500,246,392	1,039,833,717
Retention bonds	244,617,843	352,957,446
Total Contingent Payables	365,575,407,053	327,198,277,774
Contingent Payables - Net	(Rp 342,514,533,751)	(Rp 239,263,277,774)
COMMITMENTS AND CONTINGENCIES - NET	(Rp 922,452,428,847)	(Rp 444,477,360,018)

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37. NET OPEN POSITION

Based on BI regulation, the Bank's net open position (covering all domestic and overseas branches) shall be at a maximum of 20% of the capital. The net open position is the total absolute values of the net difference of assets and liabilities, either in the balance sheets or in the administrative accounts, for each foreign currency.

		2001		(in millions)	
		Assets and Administrative Asset Accounts	Liabilities and Administrative Liability Accounts	Net Open Position	
United States Dollar	Rp	3,964,968	Rp 4,003,899	Rp	38,931
European Euro		29,111	24,681		4,430
Swiss Franc		2,045	30		2,015
Japanese Yen		43,399	44,522		1,123
Cayman Islands Dollar		954	131		823
Australian Dollar		18,522	19,211		689
Swedish Krone		583	-		583
New Zealand Dollar		480	161		319
Danish Krone		315	47		268
Canadian Dollar		868	601		267
British Poundsterling		3,616	3,803		187
Singapore Dollar		41,284	41,370		86
Hong Kong Dollar		1,877	1,920		43
Malaysian Ringgit		-	38		38
Total				Rp	49,802

		2000		(in millions)	
		Assets and Administrative Asset Accounts	Liabilities and Administrative Liability Accounts	Net Open Position	
United States Dollar	Rp	3,930,232	Rp 3,989,104	Rp	58,872
Singapore Dollar		34,111	32,238		1,873
Japanese Yen		23,276	22,349		927
European Euro		18,173	17,274		899
Swedish Krone		897	-		897
Cayman Islands Dollar		213	(501)		714
British Poundsterling		4,886	4,252		634
Swiss Franc		5,743	6,206		463
Hong Kong Dollar		2,198	2,449		251
New Zealand Dollar		462	277		185
Australian Dollar		14,867	15,022		155
Danish Krone		198	43		155
Malaysian Ringgit		-	36		36
Canadian Dollar		645	652		7
Total				Rp	66,068

As of December 31, 2001 and 2000, based on the Bank's calculation as reported to Bank Indonesia, the net open position of the Bank is 17.03% and 19.57% (unaudited), respectively.

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38. COMMITMENT

Build, Operate and Transfer Back Agreement

On October 8, 1992, the Bank entered into a build, operate and transfer back agreement with PT Yacolt Graha (Yacolt), a related party, which has the same stockholders as the Bank before the Bank was recapitalized, whereby the Bank agreed to transfer to Yacolt its rights and obligations with respect to the completion, utilization and operations of certain floors of the Bank's building located at Jalan Jenderal Sudirman Kavling 27, Jakarta. Yacolt will coordinate and finance the completion of the said floors and will subsequently utilize such floors for twenty (20) years commencing on the date the floors are ready for use, which was in 1993. At the end of twenty (20) years, Yacolt will transfer the floors to the Bank at no consideration. The 20-year period may be extended based on the terms negotiated and upon approval of the Capital Investment Coordinating Board, if required. The Bank has the right to exercise early transfer option based on the agreed price. The construction of the other floors of the aforementioned building which are excluded from the above agreement is borne by the Bank. As of December 31, 2001, the Bank has 21 floors, either funded by itself or through early transfer option, while Yacolt has 3 floors and the car park areas.

39. OTHERS MATTERS

- The Bank conducts trusteeship activity as a paying agent. Fee for the trusteeship activity which are recorded in the statement of income amounted to Rp 712,727,856 and Rp 705,910,061 for 2001 and 2000, respectively.
- The Bank conducts custodianship activity based on the decision letter of the Chairman of Capital Market Supervisory Agency (BAPEPAM) No. KEP-99/PM/1991 dated April 23, 1991. Fee for custodial are recorded in the statement of income amounted to Rp 171,020,957 and Rp 239,189,505, respectively (see Note 31)
- As of December 31, 2001 and 2000, ratio of classified earning assets to total earning assets amounted to 0.64% and 5.94%, respectively.
- As of December 31, 2001 and 2000, the Bank's capital adequacy ratio (CAR) amounted to 8.9% and 13.5% (unaudited). In the computation of CAR as of December 31, 2001, CAR is computed using the circular letter of Bank Indonesia No. 3/21/PBI/2000 dated December 13, 2001.

The computation of Bank's CAR is as follows (In Rupiah millions):

	December 31,	
	2001	2000 (Unaudited)
Core capital		
Paid-up capital	Rp 668,646	Rp 668,646

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	December 31,	
	2001	2000 (Unaudited)
Reserves in additional capital		
Additional paid in capital in excess of par value - net	Rp 5,023,052	Rp 5,023,052
Previous years losses	(5,503,920)	(4,396,271)
Current year income after tax (50%)	68,488	-
Current year loss	-	(1,106,618)
Difference in foreign currency translation	(17,276)	(14,966)
Supplementary capital (maximum 100% of core capital)		
Revaluation increment in premises and equipment	43,574	43,574
General reserves on provision for losses of earning assets (maximum 1.25% of RWA)	41,003	31,161
Subordinated loan (maximum 50% of core capital)	119,495	86,922
Total of core capital and supplementary capital	443,062	335,500
Investments in shares of stocks	(150,648)	-
Total capital	Rp 292,414	Rp 335,500
Risk weighted assets (RWA)	Rp 3,280,226	Rp 2,492,853
Capital adequacy ratio of the Bank	8.9%	13.5%
Required capital adequacy ratio	8.0%	4.0%

40. ECONOMIC CONDITION

Starting in the middle of 1999, the Indonesian economy shown signs of improvement as indicated by the decrease in the interest rates of the Certificates of Bank Indonesia and inflation rate. However, the Rupiah exchange rate as compared to US Dollar, as of December 31, 2000 has depreciated than that of December 31, 1999 and continued to weaken as of December 31, 2001. Up to March 28, 2002 the Rupiah exchange rate as compared to US Dollar has further improved. The economic condition in Indonesia will continue to be affected by the social and political stability, the success of the bank recapitalization, and on-going debt restructuring.

In connection with the Bank's recapitalization, the Bank's directors have prepared a management plan to address the operational issues and the resolution of the Bank's labor problem. The two-way communication between the Bank's directors and employees is done regularly in the form of the management forum and direct communication with the Bank's employees.

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The Bank's management plan is divided into short-term and long-term plans.

The short-term plans of the Bank are as follows:

1. Increase the activity of loan granting, for consumer and commercial loan, without ignoring the prudent banking. Commercial loans will be granted to all segments to spread the credit risk, and give priority to small and medium business scale (in accordance with Bank's internal definition) in relation with the Government program to encourage the granting of KUK and UKM.
2. Consider to buy non-performing loan portfolio which have been restructured by IBRA through the exchange of Government Bonds in accordance with the capability of the Bank.
3. Manage the non-performing loans which were focused on the efforts to avoid the decline in the loan quality which gives effect to the increase in non-performing loans ratio and decrease in the Bank's net income.
4. Increase the quality services and arrange programs for increasing awareness on products, services and networking of the Bank as part of the customers' retention and acquisition effort to increase the public funds from customers.
5. Optimize the use of existing electronic distribution channel and add feature and partner.
6. Increase the fee based income through cross selling, product bundling, develop foreign exchange product and other product with fee based income basis to increase the cooperation with other partner
7. Increase the investment activities in trading account securities selectively by giving attention to high yield factor, risks, and not influenced the CAR position, without ignoring the Bank's function as intermediary institution.
8. Applying efficiency program continuously.
9. Improve the operational banking procedures by focusing on the operational quality.
10. Developed technology in sectors which give direct impact in increasing income, services, competitiveness and efficiency without ignoring the customers' need.
11. Manage the networking efficiently and effectively, whereby the addition, reduction or relocation of networking will be done selectively based on the business prospects, need, location, efficiency and effectiveness.
12. Develop human resources continuously.

The long-term plans of the Bank are as follows:

1. Gather public funds by focusing on increasing the customers for savings and current account to obtain the cheap and stable funding.
2. Expand the electronic distribution channel.
3. Increase fee based income.
4. Develop better loan portfolio through proportional management for all business segments and industry segments by considering the potentials and risks from each business and industry segments. The focus of the loan granting is to consumer loans, commercial loans for small and medium business scale without ignoring the potentials of big business scale.
5. Giving added value to commercial customer by giving guidance to small-sized customers to become medium-sized customers and develops media which can help the customers to manage their finance.
6. Create efficient, effective and secure operational banking.
7. Manage the business risks at the tolerable level.

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The financial statements for the years ended December 31, 2001 and 2000 include the effects of the economic condition to the extent they can be determined and estimated. Resolution of the economic condition depends on the monetary, fiscal and other measures that have been and will be undertaken by the Indonesian Government, actions which are beyond the Bank's control. Therefore, it is not possible to determine the future effects the economic condition may have on the Bank's earnings and the realization of its earning assets, including the effects flowing through from the Bank's customers, creditors, depositors and stockholders.

41. GOVERNMENT GUARANTEES ON THE OBLIGATIONS OF DOMESTIC BANKS

The Ministry of Finance in its decision letter No. 26/KMK.017/1998 dated January 28, 1998 issued government guarantees on domestic bank liabilities including demand deposits, savings deposits, time deposits and deposits on call, bonds, trading account securities issued, interbank call money, fund borrowings, swaps/hedges/futures, derivatives and other contingent liabilities which are bank guarantees, standby letters of credit, performance bonds and other liabilities except subordinated loans and liabilities to directors, commissioners and related parties. The guarantee carries a term of two years starting on January 26, 1998 up to January 31, 2000. Based on the joint decrees No. 32/46/KEP/DIR and No. 181/BPPN/0599 of the Directors of Bank Indonesia and the Chairman of IBRA dated May 14, 1999, the term of guarantees has been automatically extended for six months, unless IBRA, within six months before the end of this term, announces that it will not extend the term. Further, the Ministry of Finance issued its decision letter No. 179/KMK.017/2000 dated May 26, 2000 to replace the abovementioned decision letter regarding the government guarantee on domestic bank liabilities, which is effective from January 26, 1998 up to January 31, 2001. The term of guarantee will be automatically extended for six months continuously, unless the Ministry of Finance, within six months before the end of the term, announces that it will not extend the term.

42. JOINT DECREE BETWEEN THE MINISTRY OF FINANCE AND THE GOVERNOR OF BANK INDONESIA ON THE RECAPITALIZATION PROGRAM OF COMMERCIAL BANKS

The Joint Decree of the Ministry of Finance and the Governor of Bank Indonesia No. 53/KMK.017/1999 and No. 31/12/KEP/GBI dated February 8, 1999, regarding the recapitalization program for commercial banks, provided, among others that:

1. The commercial banks which are eligible to participate in the recapitalization program are the banks categorized as B, which have Capital Adequacy Ratio (CAR) of lower than 4% but not exceeding negative 25%. These banks are obliged to prepare a business plan that should be submitted to Bank Indonesia, and their controlling shareholders, members of commissioners and directors should fulfill the "Fit and Proper Test".
2. The public banks which participate in the recapitalization program can offer new shares through a limited public offering (Rights Issue) or without the conduct of a rights issue. Their controlling shareholders are obliged to make cash payment of at least 20% of the newly issued shares in order to fulfill the 4% CAR. In case the public banks conduct the Rights Issue and the controlling shareholders can not fulfill their obligation to pay the required 20%, their obligation can be fulfilled together with/or all by other strategic investors. The new shares that are not subscribed by the shareholders or the public will be subscribed by the government, acting as the stand-by buyer.

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Based on the Joint Decree of the Ministry of Finance and the Governor of Bank Indonesia No. 117/KMK.017/1999 and No. 31/15/KEP/GBI dated March 26, 1999, regarding the implementation of the recapitalization program of banks which were taken-over (BTO), the government shall acquire temporary investment in the bank at the minimum amount to meet the minimum capital adequacy ratio requirement of 4%. The required temporary investment will be determined based on the due diligence review of an independent party appointed by IBRA.

43. SIGNIFICANT DECISION LETTERS AND AGREEMENTS

- a. Based on the Decision Letter of the Governor of Bank Indonesia No. 1/14/KEP.DpG/1999 dated July 23, 1999, Bank Indonesia placed the Bank under the management and supervision of IBRA to improve the Bank's soundness, settle the Bank's assets and recover the government funds. This arrangement is a temporary transfer until such time that the negotiation between the investor and the government is completed, the new stockholder is approved by the government and Bank Indonesia, and the additional capital is paid in cash by the new stockholder in accordance with the regulation.
- b. Based on the Decision Letter of the Chairman of IBRA No. SK-368/BPPN/0899 dated August 4, 1999, the Bank was declared eligible to participate in the recapitalization program for Taken-Over Banks (BTO).
- c. Based on the Decision Letter of the Chairman of IBRA No. SK-418/BPPN/1099 dated October 7, 1999, IBRA released Hendri Kurniawan and Rusli Suryadi from their responsibilities as members of the management team and the support team, respectively. At the Bank's Stockholders' Extraordinary General Meeting held on November 23, 2000, both of them have been given honorable discharge as members of the Bank's directors. In relation with this matter, both of them asked about their work contracts as directors, which ended in June 2001, and the claims for lawyer's expenses in the Bank's case where both of them serve as directors of the Bank. As of December 31, 2001 and 2000, the Bank has accrued the amount of Rp 5,200,000,000 for compensation and estimated claims for lawyers' fees.
- d. Based on the Memorandum of Understanding between PT Telekomunikasi Indonesia Tbk (Telkom) and the Bank dated May 24, 2000, the Bank and Telkom have decided to cooperate in e-commerce activities, among others, but not limited to Business to Business (B to B) and Wireless Application Protocol (WAP). The agreement will expire on May 24, 2002.
- e. In relation to the previous legal dispute between Herman Ramli, Rudy Ramli and Bank Indonesia as well as IBRA, regarding the placement of the Bank under the supervision of IBRA, on July 17, 2000, a Reconciliation Agreement has been signed by Bank Indonesia, IBRA, Herman Ramli, Rudy Ramli and PT Sarijaya Wirasentosa. They have agreed, among others, to:
 - Terminate Case No. 138/G/TUN/1999/PTUN-JKT which was under appeal at the DKI Jakarta State Administrative Court.
 - Approve and will propose to the Capital Market Supervisory Agency (BAPEPAM) to suspend the Bank's shares which are owned by Deutsche Bourse Clearing AG (DBC AG), including the voting rights and pre-emptive rights to purchase shares issued by the Bank in connection with the rights issue. The suspension will be in effect until the Bank's shares which are owned by DBC AG can be identified.

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- In relation to the divestment of the Bank, Herman Ramli, Rudy Ramli and PT Sarijaya Wirasentosa will participate in accordance with the existing regulations.
 - Follow and observe every government regulation regarding the Bank's recapitalization, including eliminating every and all legal barriers, so that the preparation and the conduct of the Bank's recapitalization can be done properly.
 - Herman Ramli, Rudy Ramli and PT Sarijaya Wirasentosa released Bank Indonesia, IBRA and the Bank from any action done relating to the preparation and implementation of Decision Letter of the Government of Bank Indonesia No. 1/14/KEP.DpG/1999, Decision Letter of the Chairman of IBRA No. SK-328/BPPN/0799 and Decision Letter of the Chairman of IBRA No. SK-329/BPPN/0799, and commit not to file a lawsuit against the aforementioned parties.
- f. Based on the Letter of KKSK No. S-188/M.EKUIN/07/2000 dated July 17, 2000, authorizing IBRA to continue the negotiations with Rudy Ramli and Herman Ramli, and the signing of the Reconciliation Agreement dated July 17, 2000, IBRA sent Letter No. PB-750/BPPN/0700 dated July 18, 2000 to the Bank. The letter stated that the Management Team of the Bank continue the necessary course of actions in connection with the recapitalization program of the Bank, coordinate with BAPEPAM, and prepare for the schedule of the rights issue as approved by BAPEPAM and the Stock Exchange Authorities.
- g. IBRA and Rudy Ramli entered into a settlement agreement which is integral to the Reconciliation Agreement (see Note 43e) on July 17, 2000. The agreement stated that IBRA has approved to pay in cash, after deduction of tax, the amount of Rp 9,000,000,000 to Rudy Ramli at the day of the Bank recapitalization.
- h. Based on BAPEPAM Letter No. S.2158/PM/2000 dated August 22, 2000, BAPEPAM has instructed the Management Team of the Bank to freeze the rights and benefits from shares, including the voting rights in the stockholders' general meeting and the right to buy shares in the rights issue, of the Bank's shares listed in the name of DBC AG.
- i. With the conduct of the Bank's Extraordinary General Meeting of Stockholders on November 23, 2000, the members of the Boards of Commissioners and Directors had been appointed based on the results of the meeting. However, based on the current regulation, these appointments should be approved by BI. Hence, in the meantime, the appointed members of the Boards of Commissioners and Directors became the management team and supervision team in accordance with the decision letter of the Chairman of IBRA.

Based on the Decision Letter of the Chairman of IBRA No. SK-2159/BPPN/1100 dated November 30, 2000, IBRA decided to release Kemas M. Arief, Agresius Kadiaman, Budi Purwanto and Budi Ismail from being members of the management team of the Bank and appointed Thomas Tan Tjio Tong, Andrew Hardi Hanubrata and Joseph Georgino Godong as new members of the management team. Accordingly, the new Management Team is as follows:

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Chairman and member	:	Dradjat Bagus Prasetyo
Member	:	Hendry Khendy
Member	:	Nandi H. Hamaki
Member	:	Sjahfiri Gaffar
Member	:	Thomas Tan Tjio Tong
Member	:	Andrew Hardi Hanubrata
Member	:	Joseph Georgino Godong

Based on Decision Letter of the Chairman of IBRA No. SK-2160/BPPN/1100 dated November 30, 2000, IBRA decided to release J.B. Sumarlin from being a member of the supervision team of the Bank and appointed Chandra Pumama, Emri and Kemas M. Arief as new members of the supervision team. Accordingly, the new Supervision Team is as follows:

Chairman and member	:	I Nyoman Suwandha
Member	:	Chandra Pumama
Member	:	Emri
Member	:	Kemas M. Arief

- j. In relation to the temporary investment of the Government of the Republic of Indonesia (qq IBRA) in the Bank, on May 2, 2001, the Bank together with IBRA has signed the Management Agreement which represents the performance agreement as the implementation of the obligation as stated in the Joint Decision Letter (SKB) No. 117/KMK.017/1999 and 31/15/KEP/GBI dated March 26, 1999 (SKB) and Temporary Investment Agreement in the Bank and IBRA dated October 9, 2000.
- k. On November 20 and 22, 2001, the government announced the merger plan of the Bank with other 4 Banks. In relation to this, IBRA has issued Letter No. PB-740/BPPN/1101 dated November 21, 2001 which among other things, stated that the Bank's management should carry utmost professionalism and prudent attitude in conducting the operations of the Bank nearing the implementation of the government policy regarding the merger of banks. Other matters relating to the technical implementation and application concept of the merger will be informed in the future by IBRA.
- l. Based on the Memorandum of Understanding between PT Landas Nimpuna Teknologi and the Bank dated January 9, 2001, the Bank and PT Landas Nimpuna Teknologi have decided to cooperate in giving services of purchase and sell securities transaction through e-trading facility which was developed by Landas and custodial services owned by Bank Bali. The agreement will be ended if there is an agreement between both parties.

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44. SUBSEQUENT EVENTS

a. Net Open Position

The Bank's Net Open Position as of March 28, 2002 (unaudited) with details is as follows:

	March 28, 2002		(In millions)
	Assets and Administrative Asset Accounts	Liabilities and Administrative Liability Accounts	Net Open Position
United States Dollar	Rp 3,657,079	Rp 3,716,134	Rp 59,055
Singapore Dollar	43,551	49,867	6,316
European Euro	31,253	26,943	4,310
Swiss Franc	2,315	274	2,041
Japanese Yen	52,189	53,343	1,154
Australian Dollar	11,350	12,213	863
Hong Kong Dollar	1,023	522	501
British Poundsterling	3,626	3,388	238
Cayman Islands Dollar	331	113	218
Swedish Krone	101	2	99
New Zealand Dollar	711	640	71
Canadian Dollar	450	514	64
Malaysian Ringgit	-	36	36
Danish Krone	35	58	23
Total			Rp 74,989

- b. Bank's Legal Lending Limit (LLL) as of March 28, 2002 (unaudited) has not exceeded the LLL requirements for related parties, while for third parties has exceeded these requirements by Rp 235.9 billion.
- c. Bank's Capital Adequacy Ratio (CAR) as of March 28, 2002 is 11.20% (unaudited)
- d. Based on the closing license of PT Bank Bali Tbk branch located in Los Angeles, U.S.A. from the "Licensing Deputy Directorate and Banking Information of Banks Indonesia" No. 4/42/DPIP/Prz dated January 31, 2002 and the approval Letter from the Commissioner of Financial Institutions dated February 13, 2002, the Los Angeles Branch was officially closed on February 15, 2002.
- e. Based on the Agreement Letter of the Ministry of Finance No. S-84/MK.01/2002 dated March 26, 2002, the Bank has converted the Fixed Rate Bonds series FR0004 and FR0009, amounting to Rp 1,430,788,000,000 and Rp 1,226,390,000,000, respectively, into Variable Rate Bonds with the following composition:
- Series VR0013

Total principal	:	Rp 664,294,000,000
Maturity date	:	January 25, 2008
 - Series VR0014

Total principal	:	Rp 664,295,000,000
Maturity date	:	August 25, 2008

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- Series VR0016
 - Total principal : Rp 1,328,589,000,000
 - Maturity date : July 25, 2009

The interest on the abovementioned bonds are payable every three (3) months in arrears, on January 25, April 25, July 25 and October 25 of each year for series VR0013 and VR 0016, and on February 25, May 25, August 25 and November 25 of each year for series VR0014.

45. LEGAL MATTERS

- a. On February 5, 1997, the Bank filed a lawsuit against Santosa Widjaja at the High Court of Singapore, as personal guarantor, for loans granted to PT Cakra Ekacemerlang Elektrindo (CEE). CEE defaulted in the payment of loans amounting to US\$ 8 million. On November 4, 1997, the High Court of the Republic of Singapore dismissed the case. In retaliation, Santosa Widjaja filed a lawsuit against the Bank for libel, wherein such lawsuit has been filed in Indonesia through the District Court of West Jakarta. On February 18, 1999, the West Jakarta District Court, based on its Decision Letter No. 318/PDT/G/1998/PN.JKT.BAR ordered the Bank to pay compensation amounting to Rp 2,141,765,000 and US\$ 6,000,000. However, the Bank filed an appeal which was accepted by the High Court on September 14, 1999 based on its Letter No. PTS.Pdt.1878.2929.1999 dated November 11, 1999.

On February 14, 2000, based on the Decision Letter of the West Jakarta District Court on Case No. 816/PDT/1999/PT.DKI.jo.NO.318/PDT.G/1998/PN.JKT.BAR., the High Court of DKI Jakarta ordered the Bank to pay the compensation amounting to Rp 467,000,000 and US\$ 1,000,000. However, the Bank and Santosa Widjaja filed an appeal to the Supreme Court of the Republic of Indonesia. The litigation file has been received by the Supreme Court of the Republic of Indonesia on December 1, 2000 and was registered with No. 3650K/Pdt/2000.

- b. On September 17, 1998, at the High Court of the Republic of Singapore, the Bank representing the syndicated lenders, filed an ex parte application and obtained worldwide mareva injunction to freeze the assets of Bambang Sutrisno, an indemnifier of PT Surya Supratama Finance (SSF) and other defendants including Gina Widjaja (Sutrisno's wife). SSF defaulted the payment of the syndicated loan amounting to US\$ 16,500,000.

In retaliation, Gina Widjaja filed a lawsuit against the Bank for libel amounting to US\$ 15 million. On March 10, 1999, the South Jakarta District Court ordered the confiscation of certain assets of the Bank based on its Decision Letter No. 93/Pdt.G/1999/PN.Jak-Sel. However, the Chief of the South Jakarta District Court, in his letters (Reference No. W7-Dd.Ht.04.10.01.1062 and W7-Dd.Ht.04.10.01.1063) dated March 19, 1999, has ordered that there will be no confiscation of the aforesaid assets of the Bank until further notice.

On April 27, 2000, the South Jakarta District Court had issued a court judgment not to accept the lawsuit of Gina Widjaja and therefore the Court Order No. 20/1999 jo No. 93/Pdt.G/1999/PN.Jak-Sel was overruled and was not binding. Nevertheless, Gina Widjaja filed an appeal to the Jakarta High Court with registration No. 401/Pdt/2000/PT.DKI.

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On October 27, 2000, the Jakarta High Court issued a judgment to endorse the ruling of the South Jakarta District Court dated April 27, 2000. On January 23, 2001 Gina Widjaja filed an appeal to the Supreme Court. On April 19, 2001, the Bank has issued Contra Cassation Memorandum through the South Jakarta District Court. On August 24, 2001, the Supreme Court registered the memorandum with No. 2737K/Pdt/2001.

In addition, on February 11, 1999, based on the Case Registration No. 035/Pdt.G/1999/PN.JKT.BAR., Gina Widjaja filed a lawsuit against Bambang Sutrisno and the Bank/syndicated creditors. Gina Widjaja was contesting the validity of the Indemnity and Guarantee agreement given by her husband to the Bank on loan of SSF involving conjugal properties. Gina Widjaja was claiming for compensation totaling about Rp 1,200,000,000. This case had been decided by the West Jakarta District Court on August 25, 1999, in favor of the Bank. However, Gina Widjaja filed an appeal in the High Court of DKI Jakarta registered under case No. 210/PDT/2000/PT.DKI. On November 3, 2000, the High Court of DKI Jakarta issued a decision upholding the decision of the West Jakarta District Court No. 035/Pdt.G/1999/PN.JKT.BAR. dated August 25, 1999. Gina Widjaja filed an appeal on January 19, 2001 and such appeal had been notified to the Bank on April 19, 2001. On May 2, 2001, the Bank submitted Contra Cassation Memorandum dated May 1, 2001 through West Jakarta District Court. The litigation file had been received by the Supreme Court on May 9, 2001 and was registered with the case No. 1818K/Pdt/2001.

In February 2002, based on the report from the Bank's legal counsel, there is an information that on July 27, 2001, on the case No. 1818K/Pdt/2001 the Supreme Court decided to overrule the decision of the High Court of DKI Jakarta and stated that the Indemnity and guarantee agreement given by her husband (Bambang Sutrisno) was declared as null and void by the law. However, the Bank has not yet obtained the formal decision from the Supreme Court. Based on the report from the Bank's legal counsel, the Bank can apply for a Judicial Review (Peninjauan Kembali) to the Supreme Court of the Republic of Indonesia as an appeal for the judgement passed.

- c. On June 28, 1999, based on the Registration Letter No. 224/Pdt.G/1999/PN.JKT.BAR., PT Samarinda Pratama Gemilang Enterprises (SPGE) filed a lawsuit against the Bank for the use of information about SPGE as evidence in the High Court of the Republic of Singapore in the case against Santosa Widjaja. SPGE is claiming for the confiscation of the Bank's office in Jalan Hayam Wuruk, West Jakarta and compensation totaling about US\$ 15,100,000. On September 30, 1999, the court decided to approve part of SPGE's claim totaling about US\$ 10,100,000, if the decision has final legal binding. The Bank did not accept this decision and filed an appeal on December 17, 1999 through the West Jakarta District Court.

On November 2, 2000, based on the Decision Letter No. 302/PDT/2000/PT DKI, the High Court decided to accept the appeal of the Bank and overruled the Decree of the West Jakarta District Court No. 224/Pdt.G/1999/PN.JKT.BAR dated September 30, 1999. Based on that decision, PT Samarinda Pratama Gemilang Enterprise had filed an appeal on July 3, 2001 and submitted a Cassation Memorandum on July 13, 2001. The Bank proposed a Contra Cassation Memorandum to the Supreme Court of The Republic of Indonesia on August 6, 2001.

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- d. On September 24, 1999, based on the Decision Letter No. 448/Pdt.G/1999/PN.Jak.Sel., EGP filed a lawsuit against the Bank in relation to the transfer/cessie agreement for BDNI's and BUN's claims from the Bank to EGP. The Bank was deemed to have breached its agreement with EGP. Because of this, EGP is claiming for the confiscation of the Bank's land and building known as Bank Bali Tower and the properties in Bintaro as well as compensation totaling about Rp 2,536,000,000,000. EGP also demanded to be stated as the owner of the funds from the settlement of the above claims, which is deposited in the escrow account under the control of Bank Indonesia. Up to now, the case is still pending in court. Based on the opinion of the Bank's legal counsel, the lawsuit does not have a strong legal basis.

On April 18, 2000, based on the Decision of the South Jakarta District Court regarding the case No. 448/Pdt.G/1999/PN.Jak.Sel, the South Jakarta District Court declared that the transfer/cessie agreement for BDNI's and BUN's claims from the Bank to EGP is valid and binding. Therefore, EGP has rights on the funds placed in the "Escrow Account" amounting to Rp 546,466,116,369. On June 5, 2000, the Bank had filed an appeal to the High Court of Jakarta (PT DKI) and registered with case No. 487/Pdt/2000/PT DKI. The case was already decided by the High Court of Jakarta on March 23, 2001, by the basic decision is to uphold the decision of the South Jakarta District Court No. 448/Pdt.G/1999/South Jakarta District Court dated April 18, 2000. For this decision, on June 6, 2001 the Bank filed an appeal to the Supreme Court of The Republic of Indonesia and submitted a Cassation Memorandum on June 18, 2001.

- e. On November 24, 1999, based on the Decision Letter No. 148/G.TUN/1999/PTUN-JKT., Drs. Setya Novanto filed a lawsuit against IBRA at the State Administrative Court in connection with the cancellation of the transfer/cessie agreement between the Bank and EGP based on the Decision Letter of the Chairman of IBRA No. SK-423/BPPN/1099 dated October 15, 1999. The plaintiff is claiming for Rp 5,000,000 and requires that the cancellation letter be declared as null and void, and the decision letter be withdrawn.

On November 30, 1999, based on the decision of the Jakarta State Administrative Court regarding the Case No. 148/G.TUN/1999/PTUN-JKT, the Jakarta State Administrative Court ordered the postponement of the implementation of the Decision Letter of the Chairman of IBRA No. SK-423/BPPN/1099 dated October 15, 1999 regarding the cancellation of transfer/cessie agreement with EGP.

On March 2, 2000, based on the letter of IBRA's Attorney No. 044/GN/II/2000 dated March 2, 2000, the Jakarta State Administrative Court (JSAC) accepted the lawsuit of EGP against the Chairman of IBRA in connection with the issuance of the Decision Letter of the Chairman of IBRA No. SK-423/BPPN/1099 regarding the cancellation of the transfer/cessie agreement between the Bank and EGP, which was registered in the Jakarta State Administrative Court Secretariat No. 148/G.TUN/1999/PTUN-JKT. Because of this decision, IBRA filed an appeal in the State Administrative High Court dated March 8, 2000. According to IBRA's Legal Division, the JSAC's decision dated March 2, 2000 does not have a final binding power. Therefore, the Decision Letter of the Chairman of IBRA No. SK-423/BPPN/1099 regarding the cancellation of the transfer/cessie agreement between the Bank and EGP is not yet declared null and void by law.

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On July 26, 2000, the Jakarta State Administrative High Court based on its Letter No. 096/B/2000/PT.TUN-JKT. decided to uphold the Decree of JSAC No. 148/G.TUN/1999/PTUN-JKT dated March 2, 2000.

However, on September 12, 2000, IBRA filed the appeal of such case based on the cassation application letter No. 072/KAS-2000/PTUN-JKT. Up to now, the case is still under review by the Supreme Court of the Republic of Indonesia.

- f. On February 29, 2000, based on the Decision Letter No. 019/G.TUN/2000/PTUN-JKT., Joko Soegiarto Tjandra, President Director of PT Persada Harum Lestari (PHL), filed a lawsuit against IBRA at the Jakarta State Administrative Court. The lawsuit is about the cancellation of the transfer/cessie agreement between the Bank and PHL based on the Decision Letter of the Chairman of IBRA No. SK-464/BPPN/1199 dated November 30, 1999. The Plaintiff is claiming for compensation amounting to Rp 5,000,000 and to declare as null and void and cancel such decision letter. This case is still pending in court. According to the Bank's legal counsel, provided that the plaintiff does not have valid and legally binding proofs and is not legally valuable, there is a reason as provided by Article 53 (2) of the Law No. 5 Year 1986 and, therefore, the Defendants' action cannot be categorized by the State Administrative Court as a decision that is disadvantageous to the Defendant's interest, contrary to law and at same time exceeding authority.

On August 30, 2000, the JSAC decided to accept the appeal of the Plaintiff. However, IBRA filed an appeal based on "Akta Permohonan Banding" No. 091/BD/2000/PTUN.JKT on September 13, 2000, and based on the appeal, JSAC through the "Surat Pemberitahuan Putusan Banding" No. 08/B/2001/PT.TUN-JKT to IBRA decided the IBRA's appeal on the Decision of PTUN Jakarta No. 019/G.TUN/2000/PTUN.JKT dated August 30, 2000, where the decision was to uphold the decision of PTUN Jakarta No. 019/G.TUN/2000/PTUN-JKT dated August 30, 2000.

Since the decision of JSAC Jakarta No. 08/B/2001/PT.TUN-JKT dated March 15, 2001 is unfavorable to IBRA, IBRA through its legal Counsel on June 20, 2001, filed an appeal to the Supreme Court of the Republic of Indonesia in respect to the Decision of JSAC Jakarta No. 096/B/2000/PT.TUN-Jkt dated July 26, 2000 through "Akta Permohonan Kasasi" No. 045/KAS-2001/PTUN-JKT and submitted Memorandum of Cassation on July 3, 2001. Up to now, the case is still under review by the Supreme Court of the Republic of Indonesia.

- g. On May 4, 1999, the Bank foreclosed the collateral from PT Atlantik Prakarsa amounting to Rp 40,000,000,000 through "Perjanjian Pengikatan Jual-Beli (PPJB)". However, the rights on those foreclosed assets cannot be extended because such collateral are already the subject of attachment by a third party through case No. 189/Pdt.G/2000/PN.Jkt.Pst on May 12, 2000. In this case and attachment by a third party, the Bank's customers (PT Atlantik Prakarsa) became Plaintiff II, however the Bank is not included in those cases. In order to protect the rights of the Bank on those foreclosed assets, the Bank submitted an intervention towards the case. Those cases had been decided by the Central Jakarta District Court on December 6, 2000 with the decision rejecting the lawsuit of Plaintiff and Intervention Plaintiff. Both of them have filed an appeal to the Central Jakarta District Court in December 2000 and was registered at High Court with register No. 75/PDT/2002/PT.DKI. However, up to now, there has been no decision yet on those cases from the High Court.

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On January 4, 2001, the same Plaintiff (Wien Royani, who claimed as the owner of the certificate HGB No. 99/foreclosed assets of the Bank) has filed a new lawsuit to the Bank (as Defendant V) in the case No. 03/Pdt.G/2001/PN. Jkt. Pst, to declare the Plaintiff as the legal owner of the certificate SHGB No. 99. Through the lawsuit, on May 28, 2001, the District Court decided to fulfill part of the request and declared that the Plaintiff (third party) was given the Priority Rights to extend the ownership of the landrights. Based on this decision, the Bank filed an appeal on June 8, 2001.

Since there is an indication of counterfeiting of all evidences used by the Plaintiff on two cases above (No. 189/Pdt.G/2000/PN.Jkt.Pst and No. 03/Pdt.G/2001/PN. Jkt. Pst), so that the Bank and the debtor have reported the use of counterfeiting of evidences to the Polda Metro Jaya on August 22, 2001 with the case No. Pol 2302/K/VIII/2001/SATGA OPS"A". At present, the report is still being processed by the Polda Metro Jaya, and it is expected that this criminal report could be used to keep the Bank in strong position in the civil case, which is still under investigation.

- h. On November 2, 2001, through the Decision Letters No. 506 and 507/Pdt.G/2001/PN South Jakarta, Rusli Suryadi and Hendri Kurniawan (Plaintiffs) (former Directors of Bank) filed lawsuits against the Bank at the South Jakarta District Court. Those lawsuits relate to the requests for compensation payments arising from the accusation that the Bank breached its agreement with them regarding the job contracts which were prepared between them and the Bank whereby the person who represented the Bank in the job contracts were the Board of Commissioners at that time. With claims amounting to Rp 17 billion and Rp 17.5 billion for R. Suryadi and H. Kurniawan, respectively, and claiming for the attachment of land and building of Bank Bali Tower 17th up to 23rd floors. According to the opinion from the Bank's legal counsel, which were submitted to the South Jakarta District Court, as stated in its reply letter to the lawsuit from the Plaintiffs, it was stated that the Plaintiffs resigned as the directors of the Bank based on the regulation whereby the resignation was due to the application of the Decision Letter of the Governor of BI No. 1/14/KEP.DpG/1999 dated July 23, 1999, whereby based on such decision letter, the Bank has been placed under IBRA as a Taken-Over Bank. Based on Article 40(a) of the government regulation No.17 year 1999, all related rights have transferred to IBRA, and in this regard, the termination of Plaintiffs as the Bank's Directors was in accordance with the law and in accordance with the Bank's Articles of Association, Article 11 (9) item e. In the reply letter from the Bank's legal counsel, it was also stated that if the Plaintiffs had wanted to file a lawsuit, it should have been filed against IBRA, as the party that had taken over their rights at that time (see Note 43c). Up to now, this case is still under investigation in the South Jakarta District Court.
- i. On December 10, 2001, through the Registration Letter No. 556/Pdt.G/2001/PN. South Jakarta, Rudy Ramli (Plaintiff), as the Bank's former President Director, filed lawsuits against the Bank in the South Jakarta District Court. This lawsuit was related to the requests for compensation payments amounting to Rp 34 billion which arose on the same accusation of the former directors (see Note 47h). Based on the lawsuit, the Bank has filed a lawsuit (rekonsensi), as the Plaintiff breached the decision of Article 6 of the Reconciliation Agreement dated July 17, 2000, which has been made and signed by the Plaintiff together with Bank Indonesia and IBRA. In the Reconciliation Agreement, it was agreed not to file a lawsuit against the Bank relating to the conduct of the Decision Letter of the Chairman of IBRA No. 328 and No. 329. It should also be known, that from the implementation of the Reconciliation Agreement, the Plaintiff received the Compensation amounting to Rp 9 billion, which is evidenced by the Consent and Release Letter signed by the Plaintiff on October 31, 2000.

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The Bank's management believes that the final outcome of these legal matters will not have a material adverse effect on the results of the operations and financial position of the Bank.

46. CONTINGENT LIABILITIES

Based on the results of the examination of the Directorate General of Taxes for the 1999 fiscal year, the Bank has been assessed for tax under-payment amounting to Rp 80.76 billion consisting of Articles 23 and 4(2) (final) amounting to Rp 67.61 billion and Rp 13.15 billion, respectively. From the total tax underpayment, the amount of Rp 66.89 billion represents taxes payable Article 23, which according to the tax examiner are the taxes that should have been withheld by the Bank relating to the deemed broker services of EGP's transaction (see Note 14). In the Bank's management opinion, the transaction is a legal cessie transaction and is not broker services transactions, therefore, the transactions are not an object of Article 23.

The Bank has submitted an objection letter on this assessment and based on the Bank's tax consultant, the tax assessments do not have legal binding power and hence, no provision for such assessments has been made in the financial statements.

47. NEW ACCOUNTING PRONOUNCEMENTS

In 2000, the Indonesian Institute of Accountants issued the revised PSAK No. 5, "Segment Reporting" which is effective retroactively (for comparative purposes) for financial statements with periods beginning on or after January 1, 2002. PSAK No. 5 provides more detailed guidance for identifying reportable business segments and geographical segments. The Bank is still evaluating the impact of this accounting pronouncement in the financial statements.

48. RECLASSIFICATION OF ACCOUNTS

In compliance with the Revised PSAK 31 and PAPI which are effective on January 1, 2001, certain accounts in the financial statements as of December 31, 2000 has been reclassified to conform with the presentation of accounts in the financial statements as of December 31, 2001 as follows:

- Cash amounting to Rp 5,625,000 has been reclassified to Other Assets.
- Accrued Interest Receivable amounting to Rp 140,830,212,515 has been reclassified to Other Assets.
- Prepaid Expenses amounting to Rp 19,821,702,165 has been reclassified to Other Assets.
- Demand Deposits amounting to Rp 5,993,266,787 has been reclassified to Deposits from Other Banks.

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- Time Deposits amounting to Rp 11,744,385,213 has been reclassified to Deposits from Other Banks.
- Time Deposits amounting to Rp 287,850,000,000 has been reclassified to Trading Account Securities Issued.
- Call Deposits amounting to Rp 9,595,000,000 has been reclassified to Deposits from Other Banks.
- Other Liabilities - Provision for losses on administrative accounts, amounting to Rp 53,336,819,035 has been reclassified to Estimated Losses on Commitments and Contingencies.
- Other Liabilities - Provision for losses on administrative accounts amounting to Rp 162,033,087 has been reclassified to Allowance for losses - Acceptances Receivable.
- Other Liabilities - Unearned Interest Income amounting to Rp 275,879,071 has been reclassified as a deduction from Loans.
- Other Liabilities amounting to Rp 511,676,211 has been reclassified to Derivatives Receivable.
- Other Liabilities amounting to Rp 284,597,583 has been reclassified to Derivatives Payable.
- Accrued Interest Payable amounting to Rp 72,790,298,072 has been reclassified to Other Liabilities.
- Other Operating Income - Others amounting to Rp 762,591,372 has been reclassified to Interest Income - Interest.
- Other Operating Income - Other Fees and Commissions amounting to Rp 2,843,476,096 has been reclassified to Interest Income - Fees and Commissions.
- Interest Expense - Fees and Commissions amounting to Rp 20,909,257,382 has been reclassified to Interest Expense - Interest.
- Other Operating Income - Other Fees and Commissions amounting to Rp 2,720,337,300 has been reclassified to Other Operational Income - Others.
- Other Operating Income - Others amounting to Rp 4,608,495,509 has been reclassified to Other Operational Income - Fees.
- Provision for Losses on Earning Assets amounting to Rp 1,147,434,342 has been reclassified to Other Operating Income - Gain on Valuation of Trading Account Securities Held for Trading.

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- Provision for Losses on Earning Assets amounting to Rp 9,985,009,460 has been reclassified to Provision for Losses on Commitments and Contingencies.
- Other Operating Income - Others amounting to Rp 724,239,438 has been reclassified to Other Operating Income - Gain on Sale of Trading Account Securities Held.
- Non Operating Income - Others amounting to Rp 24,292,666,295 has been reclassified to Other Operating Income - Equity in Net Earnings of Subsidiaries and Associated Companies, Dividend Income (Cost Method) and Others at Rp 24,197,842,613, Rp 65,573,682 and Rp 29,250,000, respectively,
- Reversal of Provision for Losses on Earning Assets amounting to Rp 11,406.039,104 has been reclassified to Other Operating Expenses - Others.
- Other Operating Expenses - Others amounting to Rp 233,197,374 has been reclassified to Non-Operating Expenses - Others.
- Other Operating Expenses - Provision for Losses and Decline in Market Value amounted to Rp 553,484,703,967 has been reclassified to Provision for Losses on Earning Assets.

